

City of North Bend, Washington

2011 Budget

(as amended)





Photo by Mary Miller

Mayor Ken Hearing and wife Marie riding in the 2010 Festival at Mount Si parade.

Previous page cover photograph by: Matt N. Johnson



Mayor's 2011 Budget Message

It is with great honor that I present to you the Budget Message for the City of North Bend for fiscal year 2011. In my 2010 Message I discussed some of the unprecedented challenges that the City was facing regarding our financial condition. Those challenges have not subsided and we face even more issues related to revenues and expenditures as we enter 2011. While the national economists may tell us that the “great recession” is now over, many of our residents are still searching for steady employment and family budgets are significantly strained. City revenues have been impacted by the struggling economy to the point that capital projects must be delayed and some municipal services reduced.

State statute requires the Mayor to propose a budget each year by October 1st and present that budget to the City Council for their consideration. I delivered that document but preparing these materials was not an enjoyable experience given the lack of sufficient revenues necessary for the provision of core services. In fact, this is the first budget of the last five where I recommended no Decision Cards be funded authorizing expenditures outside of the base budget. In addition, the gap between anticipated revenues and expenditures is large enough that I proposed some staff changes, a change in the employee medical insurance and the imposition of furloughs as cost saving measures. I have also proposed the elimination of two temporary summer parks employees for the coming year.

While 2011 will be financially challenging, the City of North Bend had several successes in 2010. The ULID bringing sewer service to the Tanner annexation and other areas throughout the city nears completion. On the west side of town, the park and ride project has changed the face of the western entrance to downtown North Bend and will be a building block in future downtown redevelopment. On the residential front, the first new plat in a decade has been approved by the City and homes are now under construction.

As difficult as 2011 might look, I am proud to announce that the City has maintained its 10% reserve in the General Fund and entered the new year with a significant safety net to protect against unusual revenue dips or unexpected expenses. North Bend remains on solid footing even in light of the cuts necessitated by the economic downturn, and we maintain our AA- bond rating from Standard and Poor's.



Photo by Linda Miller

Every artist dips his brush in his own soul, and paints his own nature into his pictures.

Henry Ward Beecher



Mayor's Message - continued

Now is the time that the city must spend conservatively and seek out new revenues that are generated by economic development and not balanced on the backs of our local taxpayers.

I want to thank the City Council for the ongoing cooperation in making North Bend the best city in the State of Washington and the citizens for their continued support of the City, with hope for a prosperous 2011 for the entire community. Always remember that we are the City that is "Easy to Reach – Hard to Leave!"



Kenneth G. Hearing



Community Vision Statement

The vision the residents of North Bend put forth is one of preservation and enhancement.

The community of North Bend wants to preserve its rural character, natural beauty and small town scale.

The residents of the community also have a desire to enhance the existing built environment of the downtown, the riverfront and community parks, new and existing residential neighborhoods and the community gateways.



Photograph by: Matt N. Johnson



City's Mission Statement

The mission of the City of North Bend is to create a highly livable community. We partner with our citizenry to blend and balance public safety, adequate infrastructure, quality services and economic strength while preserving the rural character of the community.



Photograph by: Sandy Horvath



Photo by Mary Miller

Mountains inspire awe in any human person who has a soul. They remind us of our frailty, our unimportance, of the briefness of our span upon the earth. They touch the heavens, and sail serenely at an altitude beyond even the imaginings of a mere mortal.

Elizabeth Aston



Table of Contents

Mayor's Budget Message	3-5
Community Vision Statement	6
City's Mission Statement	7
Table of Contents	9-11
Information	
North Bend Information	13-15
Elected Officials	16-17
Organization Chart	19
2011 Financial Message	21-23
Review	
North Bend Goals Report	25-30
Departmental Goals	31-37
Planning Cycle	39
Budget Process	41
Budget Calendar	42-43
Fund Types	45
Resources by Category All Funds	47-49
Expenditures by Categories All Funds	51-53
General Fund	
Summary	55
Financial Projections	57
Resources	58
Revenues	59-61
General Fund Expenditures:	
Legislative	62-63
Administration and Record Services	64-65
Finance and Insurance	66-67
Law Enforcement	68-69
Fire and Emergency Medical Services	70-71
Building	72-73
Planning	74-75
Parks	76-77
Legal and Court Services	78
Community Support	79
Central Services	80
Emergency Preparedness	80
Land & Building Management	81
Operating Transfers	83



Photo by Tami Asars

Life is change. Growth is optional. Choose wisely.
Anonymous



Table of Contents

Special Revenue Funds

Streets Operating	85-87
Streets Capital	88
Economic Development	89
Capital Improvement (REET)	90
Impact and Mitigation Fees	91
Park Improvement	91
Development Projects	91

Debt

Revenue Debt	93-95
General Obligation Debt	97-99
Special Assessment Debt	100
Interfund Loans	101

Capital Projects

Capital Project List	103
Capital Improvement Project Forms	105-110

Public Works/Technology

Public Works Organizational Chart	111
Streets Department	(Detail: See Special Revenue Funds)
Water Utility	112-113
Sewer Utility	114-115
Storm Drain Utility	116-117
Flood Utility	118-119
Solid Waste Utility	120-121
Utilities' Capital Projects	123
Utility Debt	(See Debt Funds: Revenue)
Equipment Operating (Shop)	124-125
Technology Operating	126-127

Staff Directory

Employee of the Year	129
Citywide Organizational Chart	130
Staff Directory	131-134
Personnel History	135

Supplementary Information

Budget Ordinance Summary	137
Salary Schedule	139
The Budget: Authority and Guidelines	140-141
Financial Policies	142-149
Glossary	150-151
Investment Policy	152-158
Investment Policy Glossary	159-165
Document Format	166
Staff and Special Acknowledgements and Contact Information	167



Photo by Tami Asars

Each man must look to himself to teach him the meaning of life. It is not something discovered: it is something molded.
Antoine De Saint-Exupery



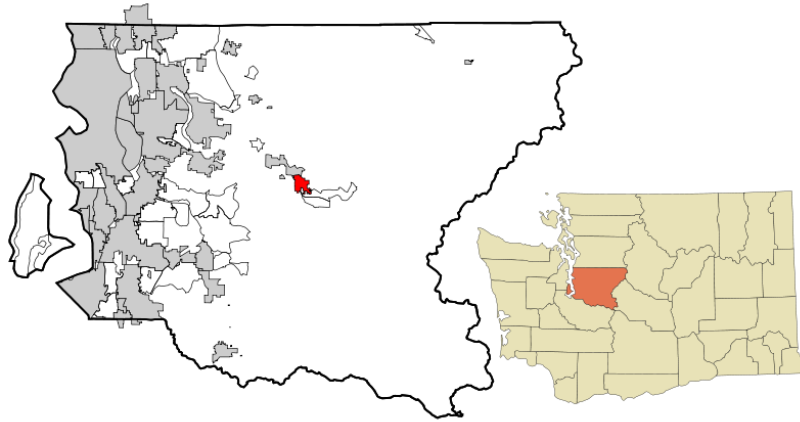
North Bend Information

Elevation.....440' above sea level

Land Area.....2,820 Acres

Average Mean Temperature-Moderate to cool year round.

Average Annual Precipitation: Rainfall—65 to 70 inches. Snowfall—4 to 6 inches.



Total Assessed Valuation of the City of North Bend for 2011: \$832,945,127.

New Construction Value (included in the above total) for 2011: \$9,501,425.

The total Property Tax Levy Rate for 2011 is: \$11.45741 per \$1,000 of assessed valuation, of which the City of North Bend receives \$1.47824 per \$1,000 of assessed valuation.

Real Estate Excise Tax: .25% + .25%

Demographics:

Estimates from the census of 2010 indicate there are now 5,665 people living in North Bend. Final numbers and community data were not yet available at the time of Budget publication. In the 2000 census there were 1,841 households and 1,286 families residing in the city. The population density was 1,611.6 people per square mile (623.3/km²). There were 1,889 housing units at an average density of 641.4/sq. mi (248.1/km²). The racial makeup of the city was 92.01% Caucasian, 0.70% African American, 1.03% Native American, 2.23% Asian, 0.17% Pacific Islander, 1.45% other races, and 2.40% from two or more races. Hispanic of any race was 3.79% of the population.

Of the 1,841 households, 37.8% had children under the age of 18 living with them, 57.1% had married couples living together, and 30.1% were non-families. 23.7% of all households were made up of single individuals and 10.8% had a single individual who was 65 years of age or older. The average household size was 2.53 and the average family size was 3.01.



North Bend Information - continued

In the 2000 census the city's population consisted of 27.3% under the age of 18; 6.7% from 18 to 24; 37.1% from 25 to 44; 18.4% from 45 to 64; and 10.6% who were 65 years of age or older. The median age was 34 years. For every 100 females there were 97.5 males. For every 100 females age 18 and over, there were 94.0 males.

The median income for a household in the city in 2000 was \$61,534, and the median income for a family was \$69,402. Males had a median income of \$57,333 versus \$38,401 for females. The per capita income for the city was \$28,229. About 2.1% of families and 4.7% of the population were at or below the poverty line, including 5.1% of those under age 18 and 3.0% of those aged 65 or older.

** Complete 2010 census numbers not releases at time of publication.

North Bend Parks:

E.J. Roberts	5 acres - playground equipment and gazebo
Gardiner Weeks Memorial	5.3 acres - picnic tables, benches & gazebo
Meadowbrook Farm*	450 acres of Open Space
Tanner Trail	2 miles - City Trail
Torguson Park	17.3 acres - Little League Fields, BMX track, skate park, climbing rock, tot lot
Tollgate Farm	205.74 acres - inside City limits
William Henry Taylor Park - Railroad Park	1 acre - picnic tables & benches
Tannerwood Park	0.8 acres - benches and walkway

**Meadowbrook Farm is jointly owned by and located in both the cities of North Bend and Snoqualmie.*



North Bend Information - continued

Valley Information: For information about local events, recreation, lodging, shopping, or other information regarding Snoqualmie Valley businesses, please contact:

Snoqualmie Valley Chamber of Commerce--(425) 888-6362

Schools: Snoqualmie Valley School District #410—(425) 888-2334

North Bend: Two Elementary and one Alternative High School

Snoqualmie: Two Elementary, one Middle and one High School

Fall City: One Elementary and one Middle School

County: One Middle School

Service and Community Organizations: Lions, Kiwanis, Rotary, Helping Hand Food Bank & Mt. Si Senior Center.

North Bend Banks: Bank of America, Chase, Cascade Bank, Sterling Savings Bank

Credit Unions: Sno Falls Credit Union.

Shopping Mall: North Bend Premium Outlets, Mountain Valley Center, Mount Si Village, and QFC Plaza

Hospital: Snoqualmie Valley Hospital

Transportation: Highway: I-90 Rail: None

Airport: SeaTac International Airport is approximately 35 miles west of North Bend

Port: The Port of Seattle is approximately 30 miles west of North Bend.

Transit: Metro buses run approx. every 1/2 hour from North Bend during morning & evening rush hours and on varied schedules during the day.

Mount Si: Altitude--4,190 ft.

National Scenic Byway: Mountains to Sound Greenway



Mayor

Kenneth G. Hearing

North Bend City Council

Alan Gothelf, Mayor Pro Tem

David Cook

Jonathan Rosen

Ross Loudenback

Dee Williamson

Jeanne Pettersen

Chris Garcia

North Bend Appointed Officials

Duncan C. Wilson, City Administrator

Michael Kenyon, City Attorney

Cheryl Proffitt-Schmidt, City Clerk

Gina Estep, Community and Economic Development Director

Maryann Nelson, Finance Director

Ron Garrow, Public Works Director

Planning Commission

Rob McFarland - Chair

Economic Development Commission

Terril Perrine - Chair

Parks Commission

Yvonne Dalke - Chair



Elected Officials



Mayor Ken Hearing



Councilmember Dee Williamson



Councilmember Alan Gothelf



Councilmember Jonathan Rosen



Councilmember David Cook



Councilmember Ross Loudenback



Councilmember Jeanne Pettersen



Councilmember Chris Garcia



Photo by Sandy Horvath

You aspire to great things? Begin with the little ones.
St. Augustine



City of North Bend Organization Chart

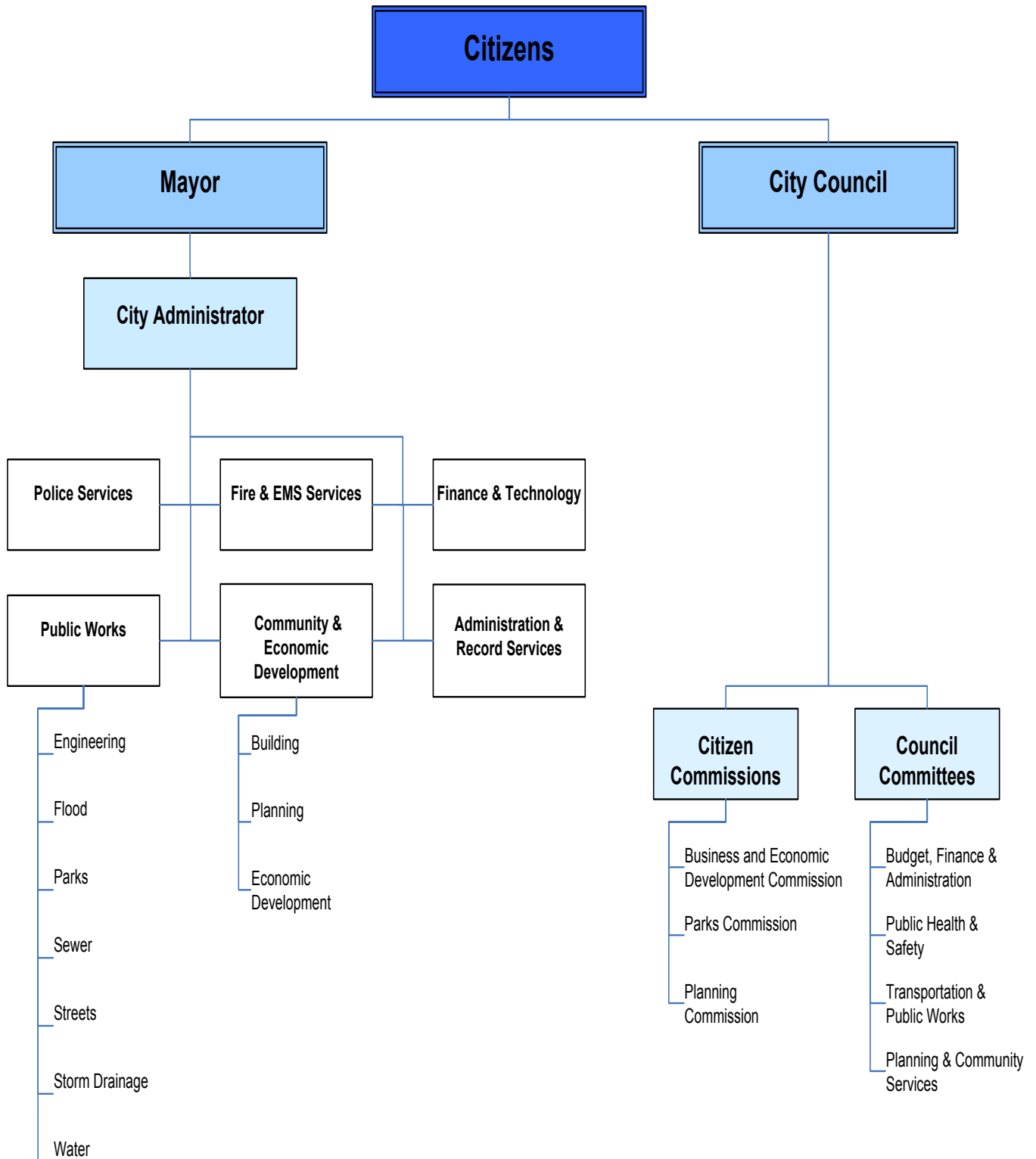




Photo by Mary Miller

The best thing about the future is that it comes only one day at a time.

Abraham Lincoln



2011 Financial Message

2010 Revenues in the General Fund fell short of plan by approximately \$165mm (adjusted for an annexation pass-through), mainly as a result of short-falls in retail sales and use tax, private utility tax, and City of North Bend utility taxes. Since utility taxes are a function of usage, budget estimates are derived from prior years. The Tanner annexation impacted the historical averages forcing the City to estimate utility expenditures, and with low usage due to a mild weather year, the estimates were simply too high. The sales and use tax was short of budget by \$51mm, but this is only 3% off the estimates for that line item. In planning for the 2011 fiscal year, utility taxes have been adjusted downward. Sales and Use tax is being held at the 2010 level, reflecting a conservative stance economic recovery for the upcoming twelve month period.

Correspondingly, expenses from the General Fund were held in check, with many planned expenditures eliminated in 2010. The council chose not to expend their contingency fund, preserving \$50mm. Legal expenses, court services, and police overtime provided \$55mm. Postponing contributions to special fund reserves yielded \$22mm, and \$30mm was preserved from various other sources. Departmental budgets were frozen in August, with department heads asked to allocate dollars only for supplies and training deemed absolutely necessary.

As department budgets were solicited for 2011, the same level of scrutiny was employed. Already-lean budgets for training were trimmed even further. Special projects were suspended, and focus was concentrated on the City's Mission Statement, highlighting public safety, adequate infrastructure, quality public services, and economic strength.

The result of this belt-tightening and frugality is that the city ended the year with a positive cash position and a fully funded reserve. This strong foundation has allowed us to set into the 2011 fiscal year with strength and stability.

Despite some positive economic indicators, we have resisted temptation to allow optimism into our revenue projections for 2011, opting instead to project status quo. Should our projections hold true, the end result will be service reductions throughout various areas in the city. As a result, roads may not be maintained at the same level, and parks may grow grass a little taller. We would ask that you be patient with these seeming shortfalls, and recognize that service levels are being prioritized in areas that impact your health and safety.

The water and sewer utility funds continue to remain solvent. A short-fall in the solid waste utility was corrected with a rate change in May, and is on track to be completely healed during the second quarter of 2011. With the Sewer ULID nearing completion, a new comprehensive water and sewer rate study will be undertaken in 2011 providing necessary updating and augmentation to the previous study conducted in 2006.



Photo by Michael McDevitt

Look deep, deep into nature, and then you will understand everything better.
Albert Einstein



2011 Financial Message

Despite the well-documented issues regarding the housing industry, the City of North Bend was very active during the second half of 2010, receiving 28 permits to build new houses and approving our first final plat since 2002. With an ability to charge for many of the services rendered in the permitting process, real costs were defrayed and real revenues were realized. In keeping with our conservative approach to 2011, we did not assume new home activity to continue at a rapid clip. Our hope remains high that vibrancy through new growth and redevelopment is returning.



Maryann Nelson

Finance Director



Photo by Tami Asars

The goal of life is living in agreement with nature.
Zero



2010 North Bend Goals Report

ADMINISTRATION	Complete	Ongoing	Deferred
Maintain meaningful communication with our community partners such as the Chamber of Commerce, Sallal Water Association, Tanner Electric, Puget Sound Energy, Nintendo, Snoqualmie Nation, Snoqualmie Valley School District, Snoqualmie Valley Hospital, Eastside Fire and Rescue, Si View Metropolitan Park District, Fire District #38 and the Cities of Snoqualmie, Carnation, Duvall, Issaquah and Sammamish		X	
Participate in WSDOT grant requests for new parking facilities in Truck Town.		X	
Assist the Senior Center in closing budget gaps for 2010 and 2011 budgets.	X		
Facilitate discussions between the Senior Center and Metropolitan Park District regarding senior programming and operations.		X	
Prepare formal cost estimates and preliminary design for new fire station.	X		
Chair Police Oversight Committee for King County Cities that contract with the County for services and work on contract cost containment.		X	
Assist Directors in completing tasks identified by the Council at the City's 2010 retreat.		X	
Assist Mayor in research regarding the Wild and Scenic Rivers proposed designation along the Middle Fork of the Snoqualmie River.	X		
Investigate local option gas tax to fund City Wide transportation infrastructure projects.		X	
Meet with and study options for City membership in ARCH to help promote affordable housing within the City.			X
Complete negotiations with Sallal Water Association regarding sale of City water and purchase of mitigation water.		X	
Become involved with Puget Sound Regional Council Freight Mobility Study group to gain insight on trucking issues and impacts to Truck Town.	X		
Work with King County and Flood Control District to obtain upstream and downstream studies of the South Fork of the Snoqualmie River.		X	
Assist Youth Activity Center in their search for a permanent indoor and outdoor facility.		X	
Investigate new medical plans cost saving measures for employee benefit packages.	X		
Develop new Animal Control contract with King County or a regional consortium.	X		
Complete and execute new Comcast Franchise			X
Finish negotiations and enter into new contract with King County Jail Services.	X		
Assist School District in preparing Twin Falls Middle School for emergency shelter.		X	
Seek financing for construction of new traffic control facilities at the intersection of Downing Avenue, Park Avenue and North Bend Way.		X	
Conduct search and fill position of Finance Director and IT Specialist.	X		
Address parking problems in Downtown and institute timed parking in appropriate areas.	X		
Enter AWC Annual Awards competition for City's Branding effort and Centennial Legacy project.	X		
Finalize new Puget Sound Energy franchise agreement.			X
Participate in Standard and Poor's meetings to improve City's overall bond rating for issuance of new bonded indebtedness.	X		
Conduct monthly investigation of tax revenue collection to minimize reporting loss.	X		
Prepare new grant applications for City's Hazardous Waste Collection event and Yardwaste Collection programs.	X		



2010 North Bend Goals Report

Investigate opportunities for sale of City real properties to further goals of Council in downtown redevelopment and to generate revenues for capital projects.			X
Assist City Clerk/PIO in implementing a comprehensive communication plan, conducting outreach for additional users of system and expanding program offerings.	X		
Complete long-term interlocal agreement with the Silver View Metropolitan Park District for park system improvements and maintenance at the Tollgate Central Meadow.	X		
Increase City participation and access to Snoqualmie/North Bend radio station.	X		
Assist departmental directors in comprehensive overhaul of City's sign ordinance.		X	
Centralize and organize City's Policy handbooks and manuals; incorporate all existing policies.		X	
Clerk/Records	Complete	Ongoing	Deferred
Complete Public Works inventory and disposition of inactive records.		X	
Complete city wide indexing and inventory of active records.	X		
Complete review and update of city property files.		X	
Prepare 2008-2009 permanent/essential records for microfilm back-up and release to Regional Archives.		X	
Update records program to include electronic records management.		X	
Provide departmental training on retention/disposition of departmental/electronic records.	X		
Update/enhance NBTB programming and music	X		
Update website design with new branding/marketing materials.		X	
Add Human Services information to website.			X
Review and update City job descriptions.		X	
Review and index City Policies.	X		
FINANCE	Complete	Ongoing	Deferred
Conduct rate analysis for Solid Waste/Recycling and Storm Drain/Flood Utilities	X		
100% accuracy of the budget process through all iteration and presentations.	X		
100% of Finance Department positions supported through cross training and procedural manuals.			X
Research Merchant Card Services and online utility payments.			X
Fund 125 (Development Projects) revision to be stand alone special revenue fund			X
Review and update all Financial Policies.		X	
Implement Springbrook Business License and Business & Occupation Tax Module conversions from ASP.			X
Set up management reports from Springbrook Tax Module			X
Investigate and seek maximum rate of return on City investments.	X		



2010 North Bend Goals Report

POLICE SERVICES	Complete	Ongoing	Deferred
Implementation of a Prescription Drug Disposal Program for the City and surrounding community.	X		
Completion of Business Contact Updates	X		
Implementation of a Commercial Crime Victim Call Back Program	X		
Completion of School Threat Assessment		X	
Conduct Alcohol and Tobacco Emphasis Investigations	X		
Deployment of SECTOR System	X		
Completion of Community Art Display at the Police Station	X		
COMMUNITY & ECONOMIC DEVELOPMENT	Complete	Ongoing	Deferred
Planning			
Conduct a thorough evaluation of the North Bend Municipal Code as it relates to the new Tanner Annexation area and recommend and process necessary code amendments.	X		
Complete NB Comprehensive Plan update for Transportation Element and Stormwater Comp. Plan.			X
Complete conceptual design for Downtown Plaza (1 and 2)	X		
Prepare an update site plan for Torguson Park to consider improvements to landscaping, trails, pedestrian entrances, recently added facilities, location of the proposed picnic shelter, and safety netting adjacent to the tot lot.	X		
Prepare an adopt-a-park program for Concil consideration to allow for limited volunteer participation in the maintenance of City parks and trails.	X		
Prepare recommendations for park and recreation development opportunities in the Tanner Annexation area.	X		
Complete application for grant funding for Boalch Trail at Meadowbrook Farm.	X		
Complete administration of 2010 grant-funded improvements to Tollgate Farmhouse and application for grant for Tollgate Farmhouse electrical service connection.	X		
Economic Development			
Create North Bend Brand Implementation and Marketing Plan.	X		
Carry out year 1 of the Brand Implementation and Marketing Plan.	X		
Organize and host the Downtown Block Party	X		
Update City website to incorporate EDC, Permit Center, and Marketing Team.		X	



2010 North Bend Goals Report

Building	Complete	Ongoing	Deferred
Digitize and catalog previously approved building plans utilizing new plotter/scanner		X	
Create a Green Building Incentive Program.		X	
Identify repeat nuisance offenders and conduct regular enforcement sweeps.		X	
Ensure the minimum maintenance ordinance of the downtown area is strictly enforces		X	
Prepare a list of all code violations and non-conforming uses in the Tanner Annexation area.		X	
Prepare a bi-monthly Code Enforcement Update Memo each month for management staff and City Council.		X	
GIS			
Complete 2010 mapping needs for Shoreline Master Plan update.		X	
Complete Comprehensive Plan Update mapping support.	X		
Complete data and mapping updates for Tanner Annexation.	X		
Continual refinement of existing City GIS data layers.		X	
Initiate Commerce Area Mapping project.			X
Permitting			
Refinement of tracking and accounting of all Developer Deposits	X		
Creation of a "Permit Center" section of the City's website, identifying all various aspects and requirements of the building and planning permit process.	X		
Creation of a Construction Plan Archival Center and archival and indexing of approximately 500 sets of construction plans.		X	
Support Economic Development design of an Economic Development section for the City's website.	X		
Feasibility study of live webcam feed atop city owned water tower above Forster Woods and possible tie in to City's website, local TV weather station, etc.	X		
Rework building permit submittal requirements to include mandatory electronic building construction plans by applicant after final of project.	X		



2010 North Bend Goals Report

PUBLIC WORKS			
Capital Projects	Complete	Ongoing	Deferred
Bid, award and construct the Park & Ride	X		
Bid, award and construct the Pump Station Phase of ULID No. 6		X	
Achieve 90% completion of the Pipeline Phase of ULID No. 6	X		
Demolish or move building s from Pfiffner Property	X		
Design, bid, award and construct Downing Avenue Extention Project	X		
Design, bid, award and construct ADA Ramp Improvement Project			X
Complete and closeout the Hobo Springs and Centennial Well Projects	X		
Complete the Telemetry System for Hobo Springs and start remote operations.	X		
100% completion of overlay of certain streets per Pavement Management Program.	X		
Complete right-of-way plans and appraisals for Tanner Trail Phase 2		X	
Purchase and Install handrail along North Bend Way by Roundabout			X
Other	Complete	Ongoing	Deferred
Conduct limited downtown tree replacement		X	
Update the Transportation Element of the Comp Plan.		X	
Finish Water Comp Plan Update		X	
Update the Comprehensive Storm Water Plan		X	
Issue renewed franchise for Puget Sound Energy		X	
Issue a new franchise ffor Sallal Water Association			X
Finish negotiations and adopt water rates for service to Sallal Water Association		X	
Continue franchise renewal efforts for water with King County			X
Continue franchise renewal efforts for sewer with King County		X	
Update Emergency Management Plan for debris management		X	
Update Emergency Management Plan for evacuation management		X	
Prepare a WWTP Emergency Response Plan			X
Complete Stilson area annexation	X		
Establish SOP's for permitting process at Public Works	X		
Establish bench mark grid around town			X



2010 North Bend Goals Report

TECHNOLOGY	Complete	Ongoing	Deferred
Perform computer equipment, network and telephone upgrades		X	
Enhance payment processing automation equipment & bank services			X
Improve efficiencies through the installation of new E-mail, Domain & SQL Servers.	X		



2011 Departmental Goals

Administration & Record Services

A. Administrator

- Execute long term contract with the Sallal Water Association for the purchase and sale of City water, and provide the City contractual access to Sallal's wells as an additional source for mitigation water.
- Mobilize King County and Flood Control District to conduct a study, at no cost to the City, of the upstream and downstream impacts of the SR 202 Bridge over the South Fork of the Snoqualmie River and feasibility of a culvert bypass to relieve localized flooding.
- The centralization and organization of 50% of the City's Policy Handbooks and Manuals; incorporate existing unwritten policies; create new policies to assist in Code Enforcement efforts.
- Create a long term financing source to increase City's funding for TIP projects by \$200,000 a year for the next 5 years, through the exploration of local option gas tax or a Transportation Benefit District.

B. Clerk/Records

- Complete Public Works inventory and disposition of inactive records
- Complete city wide indexing and inventory of active records
- Complete review and update of City Property Files
- Prepare 2008-2009 permanent/essential records for microfilm back-up & release to Regional Archives
- Update Records Program to include electronic records management
- Provide departmental training on retention/disposition of departmental/electronic records
- Update/Enhance NBTV programming and music
- Update website design with new branding/marketing materials
- Add Human Services information to website
- Review & Update of City Job Descriptions
- Review of City Policies



2011 Departmental Goals

Finance

- Create a 2011 budget document that is worthy of awards at all levels.
 - 1) Implement performance measurements where possible and appropriate
 - 2) Highlight department accomplishments from 2010
 - 3) Maintain ease of use and readability; focus on transparency over volume.
- Maintain controls and performance in all departments that leads to a “No Findings” audit from the State Auditor.
- Refine the 2012 budget process in the areas of ending fund balance, ease of presentation, decision support documentation, and error check systems.
- Create and update policies to directly mirror the risk profile and business model of the City. This includes policies for Investments, Debt, Small and Attractive Assets, and general financial guidelines. Measurement for success is 0 comments to the policy or enacted procedures by state auditors.
- Improve collection of past due revenues through referral of all appropriate accounts to a professional collection agency.
- Increase efficiencies to staff utilization through strategic implementation of a Basic Process Improvement Model.
 - 1. Identify 3 priority areas where process improvement is crucial to service level delivery;
 - 2. Identify 2 areas for process improvement that focus on strategic outcomes;
 - 3. Maintain a list of less-critical opportunities to ensure a full pipeline of projects at all times.
- Increase departmental depth through an appropriate cross-training. Goal: all daily duties and monthly processes have a minimum of two trained staff. Processes to include are B&O taxes, business licensing, utility billing, utility payment processing, and payroll.
- Leverage utility bill automation findings to all other lines of business. Apply a risk/cost/efficiency analysis to determine positive value; implement as appropriate.

Utility Operations:

- Reduce workload of utility bill receipt processing by 25% through transactional automation. Explore bank payment concentration, on-line ACH acceptance, and window-only card transactions.



2011 Departmental Goals

- Revise the Utility Collection Cycle to remove activity bottlenecks and appropriately spread staff time across the full month. Goal: Reduce overlap of critical department functions by 75%.
- Explore increased efficiencies and compliance in business licensing through partnership with the State of Washington. Recommend implementation or timeframe for reanalysis.
- Manage a comprehensive water and waste water rate study.
- Study and recommend an infrastructure plan for the Water Utility that includes the following:
 1. Recommended meter standards
 2. Recommended register standards
 3. Build in scalability over both time horizons and neighborhood/region.
- Upon completion of the ULID, add new classes of customers to the sewer utility.
 1. Create new rate classes
 2. Study software capabilities for necessary code changes
 3. Identify and map specifications for data input from outside water utility to ensure accurate billing.
 4. Goal: 100% accuracy of billing by 3rd cycle.

Business License and Taxing Operations:

- Study current work processes for B&O taxes and business licenses to determine compatibility with existing software modules. Schedule implementation if appropriate, or pursue contractual solutions. Deadline: June 30, 2011
- Conduct a study of options for automating permitting process, including evaluation of “Citizen Connect”. Deadline: June 30, 2011
- Determine appropriate software platform for business license and tax. Consider any appropriate software applications including Springbrook, Vision, Microflex platform, and Microflex Cloud.



2011 Departmental Goals

Police Services

Continued from 2010:

- Completion of Business Contact Updates
 1. Contact Each Business in the city to ensure our contact information is accurate -for emergency needs (80% compliance)
 2. Offer Crime Prevention assessment or survey if the Business is interested
Projected Outcome: improve communication between business and police; reduce commercial crime
- Completion of School Threat Assessments
 1. Obtain Training that will enable the Police to review School Threat Assessment plans
 2. Work with the Schools to improve any current plans
Projected Outcome: Improve response to significant school situations

New for 2011:

- Identify consistent deputies assigned to the area
 - (a) Better community awareness for the deputies
 - (b) Improve community ties
 - (c) Optimize communication between deputies and the public
Projected Outcome: Improve Police/Community relations
- Train deputies in felony charging
 - a) Improve case ownership
 - b) Create more versatile deputies
 - c) Free time for detectives to work complex/complicated cases
 - d) Save money for the City/County contract
Projected Outcome: Improve effectiveness and efficiency of follow up charges
- Identify and acquire pertinent training for deputies and staff
 - a) Improve staff abilities
 - b) Increase effectiveness and efficiencies
Projected Outcome: Provide better service to community
- Obtain commitment from City to retain County police services contract
 - a) Improve contract verbiage and costing model to satisfy all parties
 - b) Retain consistency that 37 years of service has developed
 - c) Allow the citizens to receive top level police services
Projected Outcome: Continued partnership for the next 37 years



2011 Departmental Goals

- Address DUI drivers and accidents
 - a) Examine patterns of arrests and accidents
 - b) Identify repeat offenders and locations
 - c) Identify and educate repeat distributors
 - d) Participate in State funded emphasis patrols

Projected Outcome: Reduce DUI violations and accidents
- Modify web page to assist the public
 - a) Simplify the page for easy navigation
 - b) Create links to helpful sites
 - c) Improve communication between the public and the police

Projected Outcome: Ease the use of the page to assist citizens

Community and Economic Development

- Successfully plan, organize and host the following North Bend Branded Events
 - a) Warrior Dash
 - b) Block Party
 - c) North Bend Adventure Race
 - d) North Bend Multisport Festival
 - e) North Bend Mountain Film Festival (includes Banff)
 - f) North Bend Amateur Film Contest
 - g) North Bend Winter Festival and Holiday Tree Lighting (one night)
- Update the North Bend Comprehensive Plan Transportation Element and create the Sustainability Element
- Create an efficient planning and land use permit review process that allows development applications to be processed timely, efficiently and effectively, while ensuring quality development and a healthy investment atmosphere.

Public Works

- Modify 20 identified downtown crosswalks to bring them up to ADA requirements by designing, bidding, awarding and constructing ADA Ramp Improvements.
- Update the Transportation Element of the Comp Plan
- Update the Comprehensive Storm Water Plan
- Conduct overlay of 100% of streets scheduled for 2011 per Pavement Management Program



Goals are the fuel in the furnace of achievement.
Brian Tracy



2011 Departmental Goals

- Issue new franchise for Sallal Water Association
- Issue renewed franchise for PSE
- Submit 2 proposed franchises to King County, one for water and one for sewer.
- Prepare a WWTP emergency response plan to ensure that any service interruption in the system is recovered within 8 hours.
- 100% compliance with State EMD and FEMA requirements thru updates to Emergency Management Plan for evacuation and debris management.
- Storm Pump Station Upgrade at Sr. Center/Weeks Park
- Inspect 100% of all private storm systems.
- Restore Ribary Creek and Gardiner Creek Sediment Pond/Trap to original design specifications.
- Complete construction of ULID Project.

Technology

- Conduct a study of options for automating permitting process, including evaluation of "Citizen Connect". Deadline: June 30, 2011
- Implement upgrades to accounting software as released. Goal: two weeks testing prior to live launch of any upgrade.
- Minimize individual workers downtime to less than 24 hours on PC's, printers, and specialized equipment.



Photo by Tami Asars

Dwell in possibility.
Emily Dickinson



City of North Bend Planning Cycle

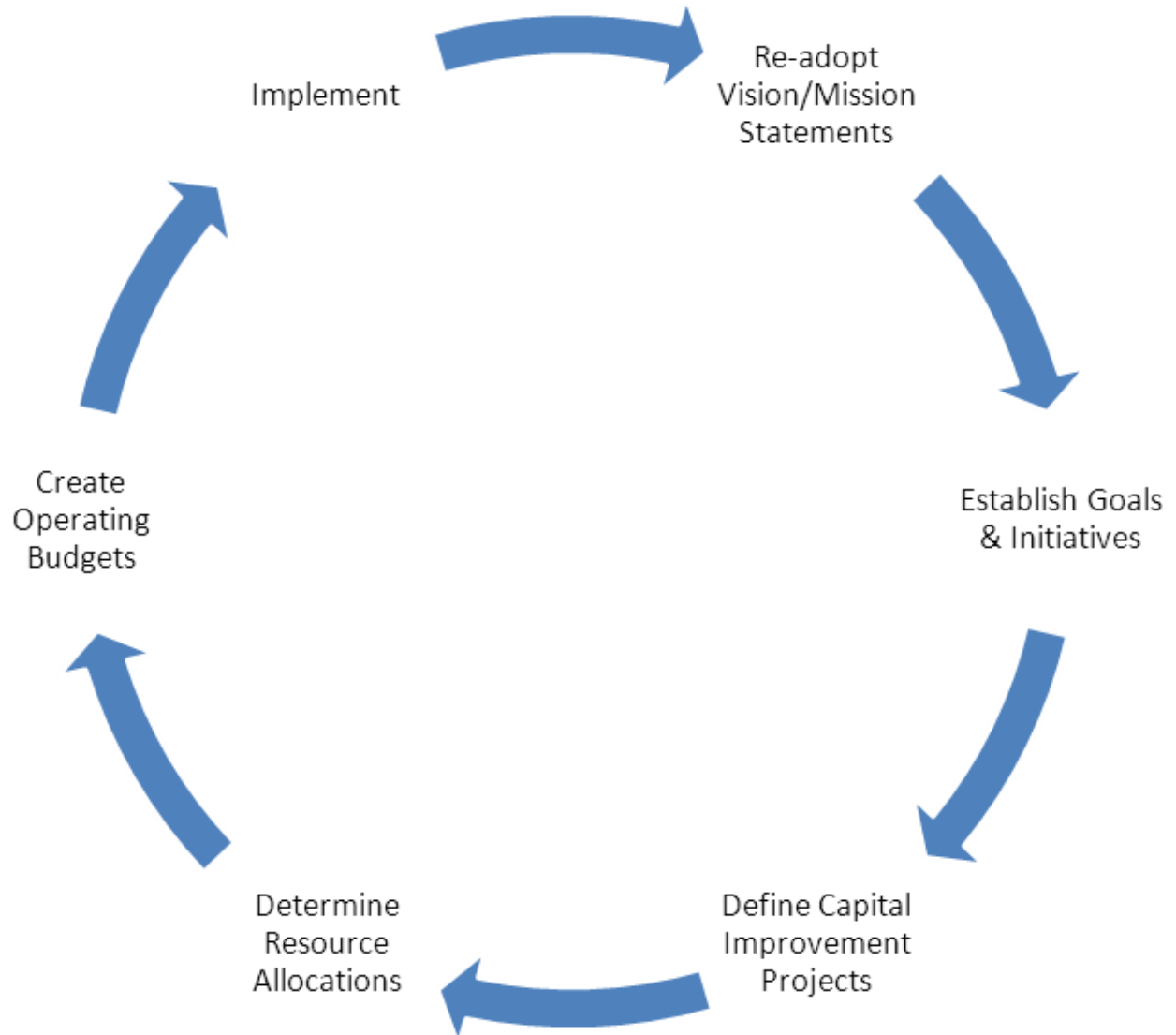




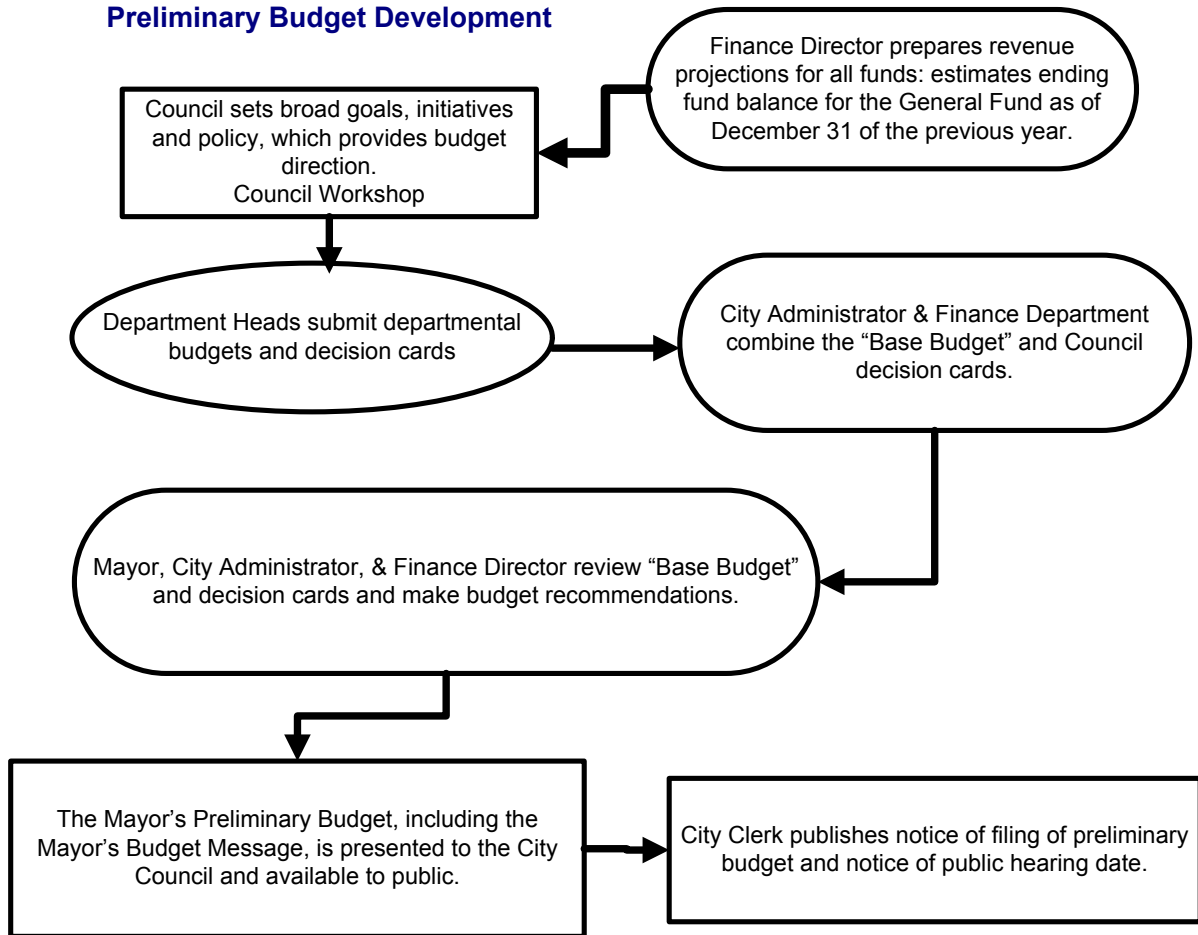
Photo by Tami Asars

In all things of nature there is something of the marvelous.
Aristotle

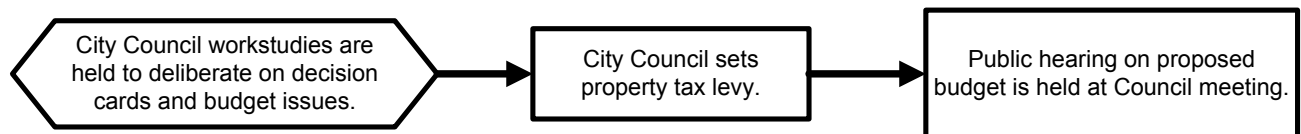


2011 Budget Process

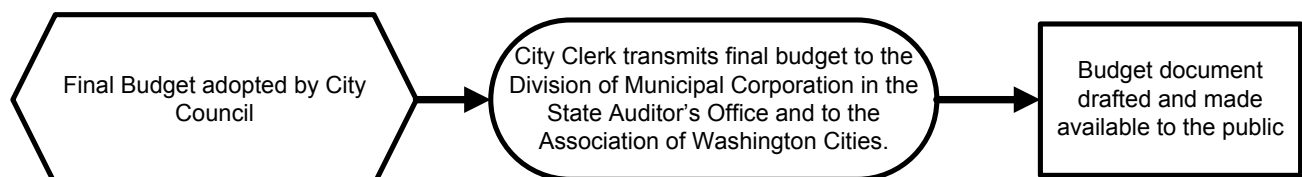
Preliminary Budget Development



Review/Discussion



Budget Adoption





2011 Budget Calendar

Date/2010	Time Limitations (State Law & NBMC)	Major Steps in Budget Preparation
July 30		Personnel projections for 2011
August 2		Finance Director formulates message to accompany budget requests
August 3 Council		City Council meeting: Motion approving 2011 Budget Calendar at a regular Council Meeting. Mayor, City Administrator and Finance Director review “ <i>base-budget</i> ” and Decision Cards.
August 6	Second Monday in August (8/9)	Departmental budget requests distributed
August 24		City Council Budget Workshop #1 – General Fund - Overview
August 31	October 1	Finance Director prepares revenue projections for all funds; estimate of ending balance for the General Fund on December 31, 2010
August 31	Fourth Monday in September (9/27)	Department Heads, Council Members and Administration submit budget requests to the Finance Department and the City Administrator that comprise the “ <i>base-budget</i> ” and Council decision cards.
September 1-30		<u>Finance Department Preparation for Preliminary Budget Booklet Publication</u> : Input numbers from accounting system for the “ <i>base-budget</i> ”; fold in Mayor’s Introductory Message; fold in decision cards and miscellaneous relevant materials.
September 28 <i>Workstudy</i>		City Council Budget Workshop #2 – General Fund “ <i>base-budget</i> ” and corresponding decision cards



2011 Budget Calendar

Date/2010	Time Limitations (State Law & NBMC)	Major Steps in Budget Preparation
October 1	On or before the first business day in the 3rd month prior to the next fiscal year (10/1)	Preliminary Budget delivered to the City Council and available to the public.
October 1	October 1	Publication of notice of availability of the 2011 Preliminary Budget for public review and Public Hearing notice for the same.
October 12 <i>Special Budget Workstudy</i>		Workshop #3 – Special Revenue Funds, Debt Fund and Non-Utility Capital Projects with Corresponding Decision Cards
October 26 <i>Workstudy</i>		Workshop #4 – Utility Operations; Utility Capital Projects; Shop Operations; Technology Operations. All corresponding Decision Cards
November 2 Council		Presentation of the 2011 Preliminary Budget by the Mayor and the Finance Director
November 16 Council	Public Hearing Notice to Paper 10/20 for 10/27 publication	City Council meeting: First & Final reading of an <u>Ordinance setting the 2011 Property Tax Levy</u>
November 16 Council	Notice to Paper 10/20 for 10/27 publication	City Council meeting; Public Hearing and <i>first reading</i> of the 2011 Budget Ordinance
December 7 Council	Following the Public Hearing and prior to the beginning of the ensuing fiscal year. (12/31)	City Council meeting: final adoption of the 2011 Budget



Life is either a daring adventure or nothing.
Helen Keller

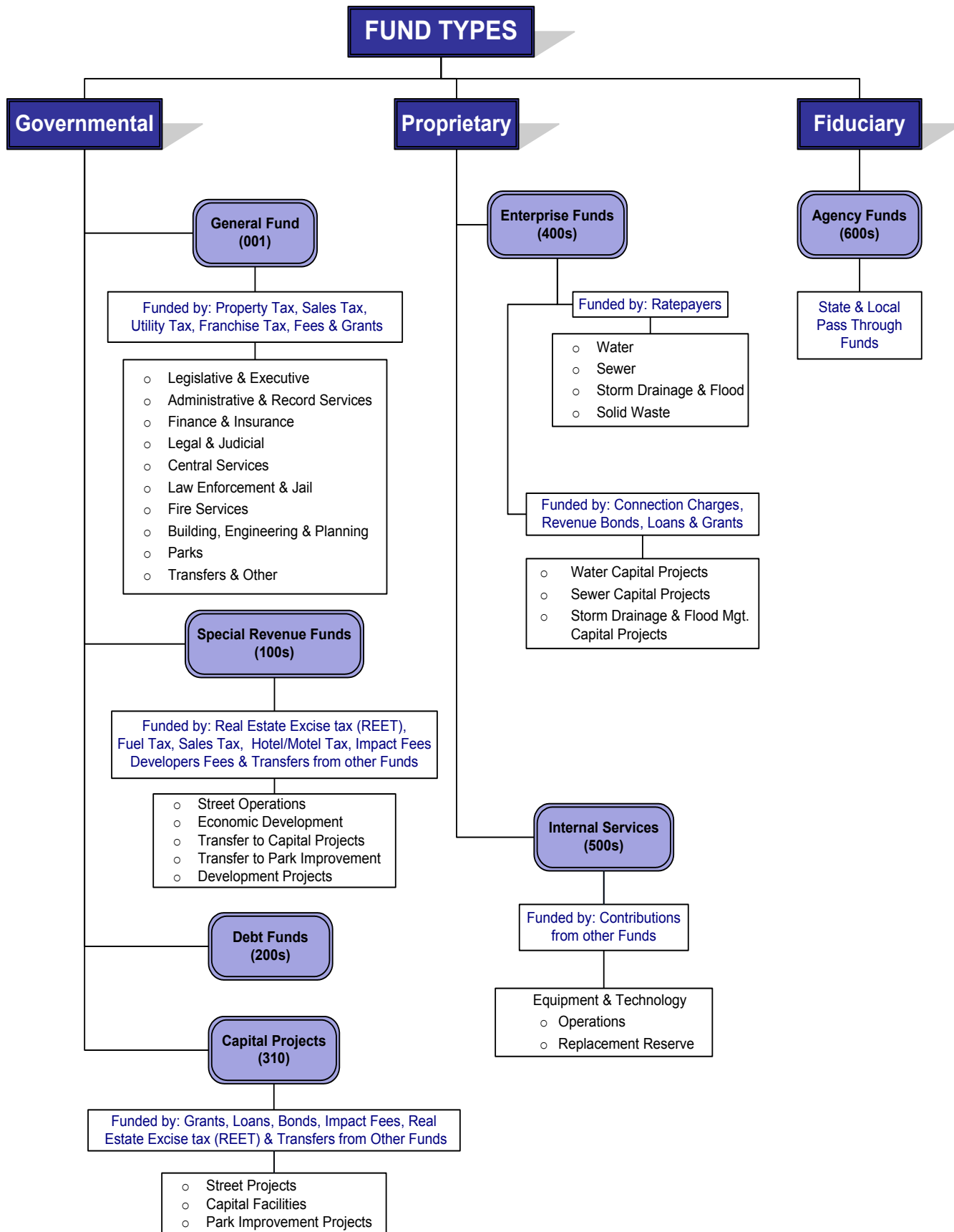




Photo by Sandy Horvath

I see my path, but I don't know where it leads. Not knowing where
I'm going is what inspires me to travel it.
Rosalia de Castro

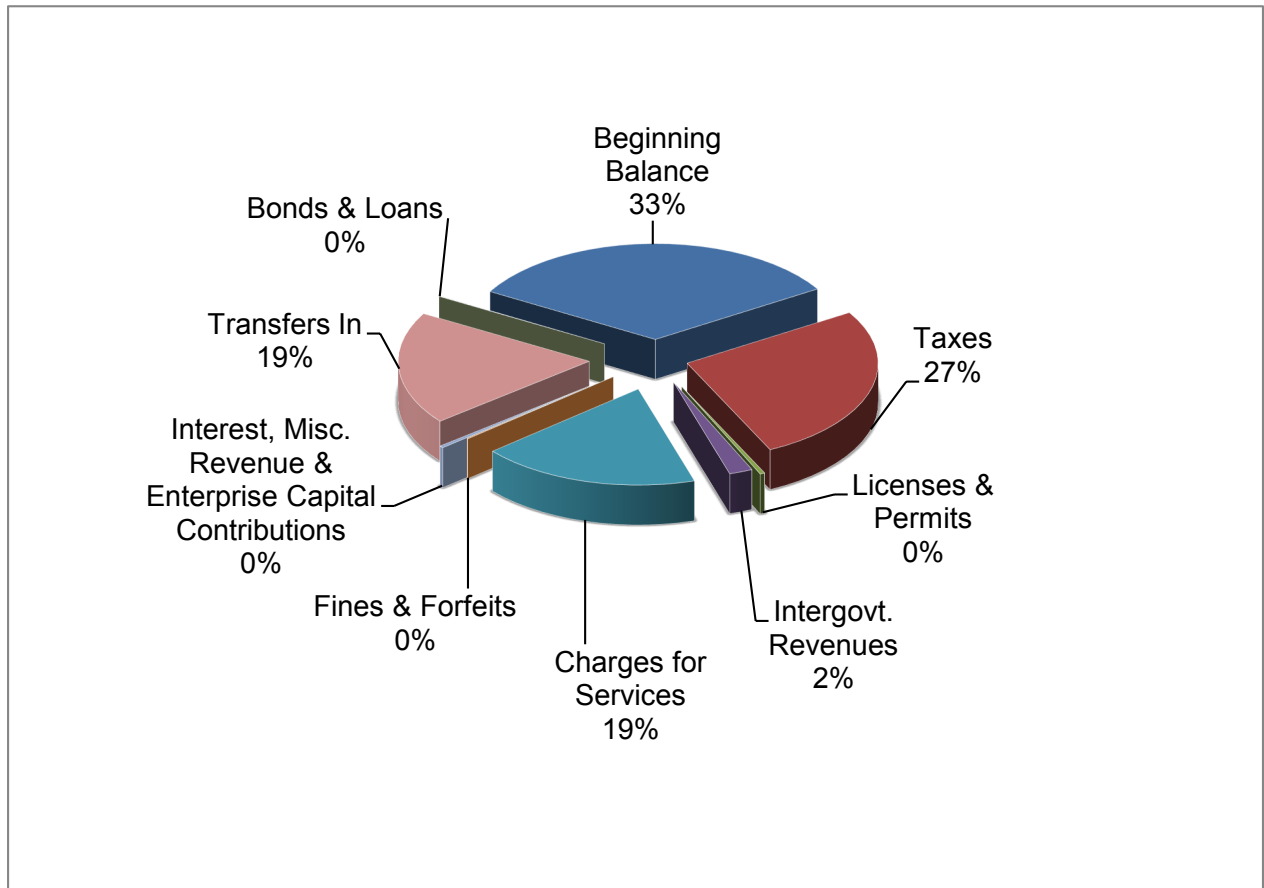


2011 Resources by Category

2011 RESOURCES BY CATEGORY (ALL FUNDS)											
FUND TITLE	Fund #	Beginning Balance	Taxes	Licenses & Permits	Intergovt. Revenues	Charges for Services	Fines & Forfeits	Interest, Misc. Revenue & Enterprise Capital Contributions	Transfers In	Bonds & Loans	Total Budget
GENERAL FUND	001	\$ 527,852	\$4,831,805	\$ 76,000	\$ 87,772	\$ 49,560	\$ 20,400	\$ 15,500	\$ 212,420		\$ 5,821,309
SPECIAL REVENUE FUNDS											
City Streets	101	-	79,000	1,500	-	-	-	-	512,321	-	592,821
Arterial Streets	102	34,671	37,000	-	-	-	-	-	126,000	-	197,671
Impact Fees	106	37,366	-	-	-	-	-	-	-	-	37,366
Economic Development	108	91	4,300	-	-	-	-	-	59,063	-	63,454
Contingency	109	3,340	-	-	-	-	-	-	-	-	3,340
Capital Improvement	110	-	120,000	-	-	-	-	-	57,423	-	177,423
Park Improvement	116	18,256	10,820	-	-	-	-	-	-	-	29,076
Development Projects	125	55,000	-	-	-	100,000	-	-	-	-	155,000
DEBT SERVICE FUNDS											
LID #5 Bond Redemption	211	-	-	-	-	-	-	46,765	-	-	46,765
2010 LTGO Bond Refinancing	215	-	-	-	-	-	-	-	202,263	-	202,263
PWTF Debt Service	240	-	-	-	-	-	-	-	17,370	-	17,370
CONSTRUCTION FUNDS											
Municipal Capital Projects	310	-	-	-	262,419	-	-	-	81,047	-	343,466
ENTERPRISE FUNDS											
Water Operating	401	680,114	-	776	-	1,054,944	-	2,000	-	-	1,737,834
Sewer Operating	402	479,622	-	-	-	1,480,929	-	2,000	-	-	1,962,551
Storm Drainage	404	410,438	-	500	-	793,050	-	2,000	-	-	1,205,988
Solid Waste	405	25,347	-	-	26,529	51,316	-	50	-	-	103,242
1997 Clarifier Bond Rdmpn	427	-	-	-	-	-	-	-	118,800	-	118,800
Revenue Bonds Reserve	428	438,918	-	-	-	-	-	-	-	-	438,918
PW Shop Rev. Bond Rdmpnt.	429	-	-	-	-	-	-	-	178,420	-	178,420
Storm Priority 1 Bond Rdpmnt	430	-	-	-	-	-	-	-	119,018	-	119,018
2010 Water&Sewer Bond Rfnd	431	-	-	-	-	-	-	-	213,428	-	213,428
ULID #6	450	3,189,959	-	-	-	-	-	-	-	-	3,189,959
ULID #6 Bond Redemption	451	-	-	-	-	-	-	-	1,189,959	-	1,189,959
INTERNAL SERVICE											
Shop/Equipment Operating	501	-	-	-	-	-	-	-	296,310	-	296,310
Technology Operating	501	-	-	-	-	-	-	-	125,834	-	125,834
Equipment Reserve	502	263,469	-	-	-	-	-	-	40,589	13,436	317,494
Technology Reserve	502	56,480	-	-	-	-	-	-	23,242	-	79,722
FIDUCIARY											
LID Guarantee	621	-	-	-	-	-	-	-	46,000	-	46,000
LID Guarantee	635	29,303	-	-	-	-	-	-	-	-	29,303
GRAND TOTAL		\$ 6,250,225	\$5,082,925	\$ 78,776	\$ 376,720	\$3,529,799	\$20,400	\$ 68,315	\$3,619,507	\$ 13,436	\$19,040,103



2011 Resources by Category



The above graph represents the combined estimated resources of all funds for the City, broken down into revenue categories.

Beginning balance is the amount of cash considered to be on-hand at the beginning of 2011. The beginning balances of the funds combined account for 33% of the total resources. Charges for Services the combined funds consist of 19% of the resource total and taxes account for another 27% of the total resources of the City.



2009-2011 Summary By Category Revenue

2009-2011 RESOURCES BY CATEGORY (ALL FUNDS)

FUND TITLE	2009 Revenue	2010 Resources (Un-audited)	2011 Adopted
Beginning Balance	12,449,864	10,445,173	6,250,225
Taxes	4,440,240	5,095,698	5,082,925
Licenses & Permits	56,122	117,511	78,776
Intergovernmental Revenue	869,878	1,827,310	376,720
Charges for Services	3,182,003	3,587,855	3,529,799
Fines & Forfeits	33,464	18,520	20,400
Interest & Misc. Revenue	642,171	175,689	68,315
Interfund Transfers	3,376,407	3,609,554	3,619,507
Bonds & Loans	1,591,666	8,549,227	13,436
GRAND TOTAL	\$26,641,815	\$33,426,537	\$19,040,103



Photo by Michael McDevitt

New knowledge is the most valuable commodity on earth. The more truth we have to work with, the richer we become.

Kurt Vonnegut



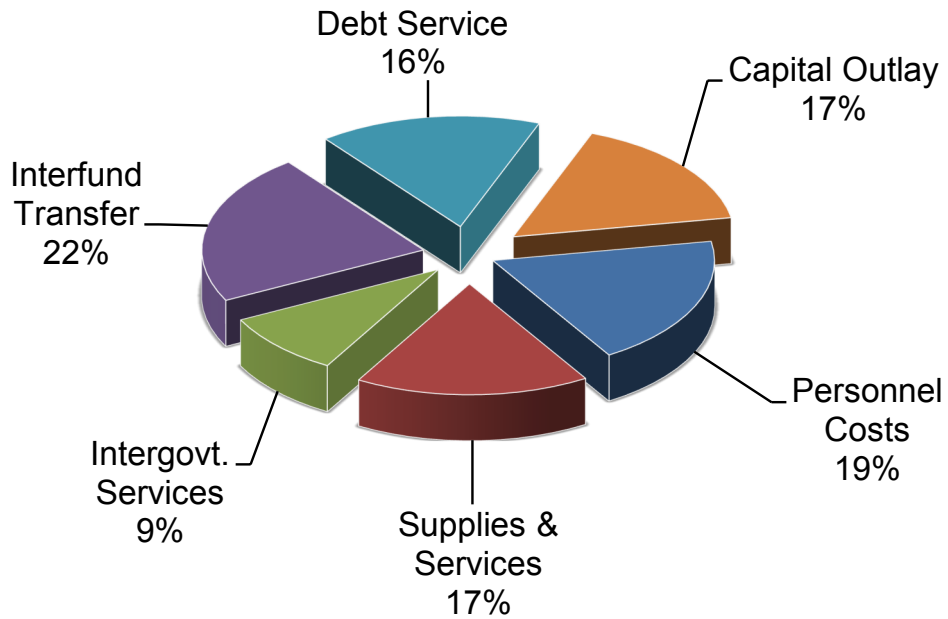
2011 Budget Expenditures

2011 BUDGETED EXPENDITURES CLASSIFICATION BY CATEGORIES (ALL FUNDS)

FUND TITLE	Fund #	Personnel Costs	Supplies & Services	Intergovt. Services	Interfund Transfer	Debt Service	Capital Outlay	Ending Fund Balance	Total Budget
General Fund	001								
Legislative		\$ 40,304	\$ 9,800	\$ 6,500	\$ -	\$ -	\$ -	\$ -	\$ 56,604
Admin., Financial & Insurance		483,276	156,530	19,700	-	-	-	-	659,506
Legal & Judicial		-	144,775	29,000	-	-	-	-	173,775
Central Services		9,022	83,460	-	73,790	-	8,000	-	174,272
Law Enforcement & Jail		122,588	99,180	1,289,500	-	-	5,000	-	1,516,268
Fire Services		10,399	773,013	-	-	-	-	-	783,412
Building & Planning		442,303	39,840	-	10,582	-	6,980	-	499,705
Parks, Culture & Recreation		313,544	87,640	2,000	68,417	653	-	-	472,254
Human/Community Service Grants		-	84,500	-	-	-	-	-	84,500
Other Expenditures & Transfers		-	6,400	-	774,065	-	-	-	780,465
Ending Fund Balance: Total GF		-	-	-	-	-	-	620,548	620,548
TOTAL GENERAL FUND		\$ 1,421,436	\$ 1,485,138	\$ 1,346,700	\$ 926,854	\$ 653	\$ 19,980	\$ 620,548	\$ 5,821,309
Special Revenue Funds									
City Streets	101	179,348	263,095	-	149,763	615	-	-	592,821
Arterial Streets	102	30,319	25,620	-	112,192	-	-	29,540	197,671
Impact Fees	106	-	-	-	-	-	-	37,366	37,366
Economic Development	108	34,638	26,850	-	1,164	-	-	802	63,454
Contingency	109	-	-	-	-	-	-	3,340	3,340
Capital Improvement	110	-	-	-	177,423	-	-	-	177,423
Park Improvement	116	-	-	-	29,076	-	-	-	29,076
Development Projects	125	-	100,000	-	55,000	-	-	-	155,000
Debt Funds									
LID #5 Bond Redemption	211	-	-	-	-	46,765	-	-	46,765
2010 LTGO Bond Refinancing	215	-	-	-	-	202,263	-	-	202,263
PWTF Debt Service	240	-	-	-	-	17,370	-	-	17,370
Const.									
Municipal Capital Projects	310	-	-	-	-	-	343,466	-	343,466
Enterprise Funds									
Water	401	465,896	222,930	40,000	172,909	43,983	170,501	621,615	1,737,834
Sewer	402	352,213	282,100	28,000	249,784	336,274	-	714,180	1,962,551
Storm Drainage / Flood	404	295,839	31,530	8,700	239,667	614	-	629,638	1,205,988
Solid Waste	405	11,612	39,250	-	-	13,436	-	38,944	103,242
1997 Clarifier Bond Rdmpt.	427	-	-	-	-	118,800	-	-	118,800
Revenue Bonds Reserve	428	-	-	-	-	-	-	438,918	438,918
PW Shop Rev. Bond Rdmpt.	429	-	-	-	-	178,420	-	-	178,420
Storm Priority 1 Bond Rdmpt.	430	-	-	-	-	119,018	-	-	119,018
2010 Water&Sewer Bond Refnd	431	-	-	-	-	213,428	-	-	213,428
ULID #6	450	-	-	-	1,189,959	-	2,000,000	-	3,189,959
ULID #6 Bond Rdmpt.	451	-	-	-	-	1,189,959	-	-	1,189,959
Internal									
Shop/Equipment Operating	501	108,326	106,355	-	80,976	653	-	-	296,310
Technology Operating	501	53,464	72,370	-	-	-	-	-	125,834
Equipment Reserve	502	-	-	-	-	36,635	-	280,859	317,494
Technology Reserve	502	-	-	-	-	-	18,055	61,667	79,722
LID Guarantee Fund	621	-	-	-	46,000	-	-	-	46,000
Treasurers Trust	635	-	-	-	-	-	-	29,303	29,303
GRAND TOTAL ALL FUNDS		\$ 2,953,091	\$ 2,655,238	\$ 1,423,400	\$ 3,430,767	\$ 2,518,886	\$ 2,552,002	\$ 3,506,719	\$ 19,040,103



2011 Budget Expenditures



The above graph illustrates the total combined expenditures of all City funds, broken out into expense categories. Capital Outlay expenditures account for 17% of the total City expenditures. Personnel costs combined amount to 19%, Intergovernmental Services account for 9% and Debt Services account for 16% of the City wide expenditures.



2009-2011 Summary By Category Expenditures

2009-2011 EXPENDITURES SUMMARY CLASSIFICATION BY CATEGORIES (ALL FUNDS)

FUND TITLE	2009 Actual	2010 Actual Un-Audited	2011 Adopted
Personnel Costs	2,936,943	3,042,041	2,953,091
Supplies & Services	2,796,465	2,622,718	2,655,238
Intergovernmental Services	1,300,215	1,342,569	1,423,400
Interfund Transfer	3,376,407	3,609,554	3,430,767
Debt Services	1,846,307	3,503,290	2,518,886
Capital Outlay	3,940,779	13,355,329	2,552,002
Ending Fund Balances	10,444,700	5,950,578	3,506,719
GRAND TOTAL ALL FUNDS	\$ 26,641,815	\$ 33,426,079	\$ 19,040,103



Photo by Tami Asars

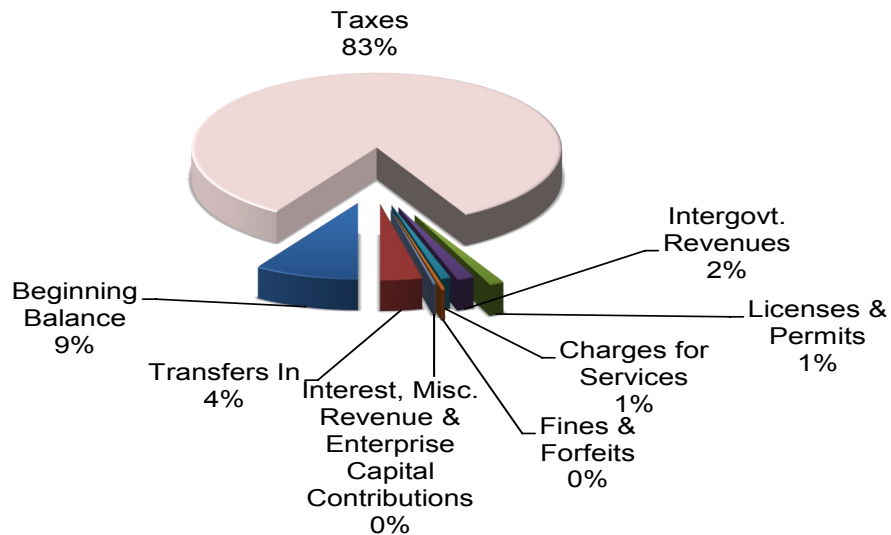
There are glimpses of heaven to us in every act, or
thought, or word, that raises us above ourselves.

A. P. Stanley

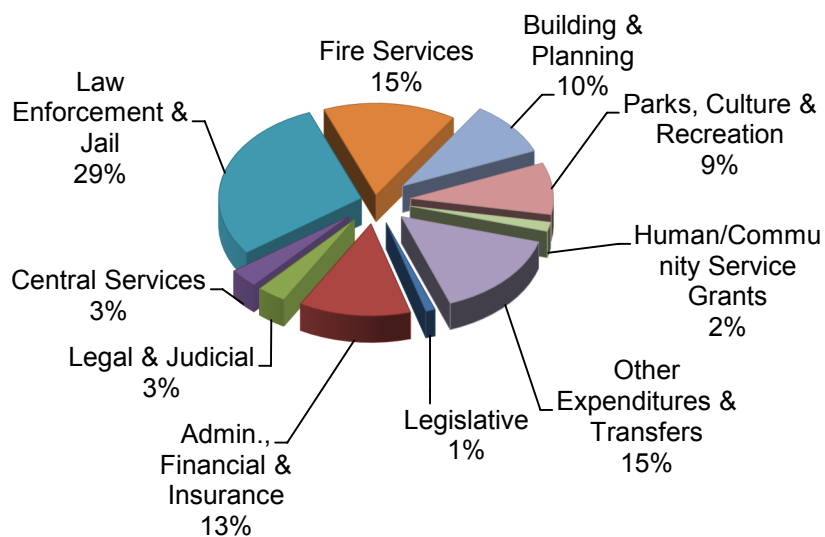


General Fund Summary

Where does money come from? General Fund Revenue



Where does money go? General Fund Expenditures





If you don't know where you are going, you'll end up some place else.
Yogi Berra



General Fund Summary 2009-2011

Description	2009 Actual	2010 Actual (Un-audited)	2011 Adopted
10% Reserve	486,641	605,297	520,076
Carryover from previous year	290,641	290,641	7,776
Additional Carryover Set Aside			
Projected Revenues			
Property Tax	965,029	1,259,374	1,230,035
Sales Tax	1,542,832	1,655,193	1,642,000
Sales and Use Tax Per Capita	99,331	108,703	107,170
Business & Occupation Tax	754,613	735,162	799,500
B&O Private Utility Taxes	567,531	606,491	688,500
Cable TV Franchise Fees	59,680	82,500	82,500
City Utilities Tax	209,080	217,740	250,000
Gambling & Other Taxes	50,462	36,642	29,100
B&O Penalties and Interest	3,886	4,142	3,000
Licenses & Permits	51,429	109,707	76,000
Intergovernmental	97,115	133,172	87,772
Charges for Services	42,543	64,177	49,560
Fines and Forfeitures	33,464	18,520	20,400
Investment Interest and Miscellaneous	48,189	59,324	15,500
Transfers from Other Funds for General Fund Overhead	147,105	221,709	212,420
Other One Time Financing Sources	1,621,493	-	-
Total Revenues	6,293,782	5,312,557	5,293,457
Total Revenues and Resources	7,071,064	6,208,494	5,821,309
Projected Expenditures			
Legislative	43,711	61,260	56,604
District Court	25,158	30,619	29,000
Admin & Record Services	277,516	274,044	229,686
Financial Services	376,594	417,075	429,820
Legal	165,383	122,834	144,775
Central Services	224,203	199,468	174,272
Law Enforcement	1,318,699	1,286,019	1,439,268
Fire Services	770,624	819,393	783,412
Jail Contracts	74,079	82,099	77,000
Building	209,907	201,567	186,626
Community Organizations	41,824	41,740	28,100
Human Service Organizations	71,000	74,500	72,000
Planning	320,973	318,035	313,079
Parks	513,427	456,726	463,054
Land & Building Management	851,474	432,386	-
Transfers			
To Street Operations - Pavement Mngmt	-	-	-
To Street Operations - General	456,417	214,129	462,321
To Capital Streets Improvements	131,214	120,417	126,000
To Economic Development Fund	40,000	32,000	59,063
To Capital Improvements (REET) (110)	50,000	50,000	57,423
Other Miscellaneous Transfers	213,394	94,844	69,258
Total Expenditures	6,175,599	5,329,156	5,200,761
10% Reserve	486,641	605,297	520,076
Total Expenditures & 10% Reserve	6,662,240	5,934,452	5,720,837
PROJECTED Discretionary Carryover	408,824	274,042	100,472

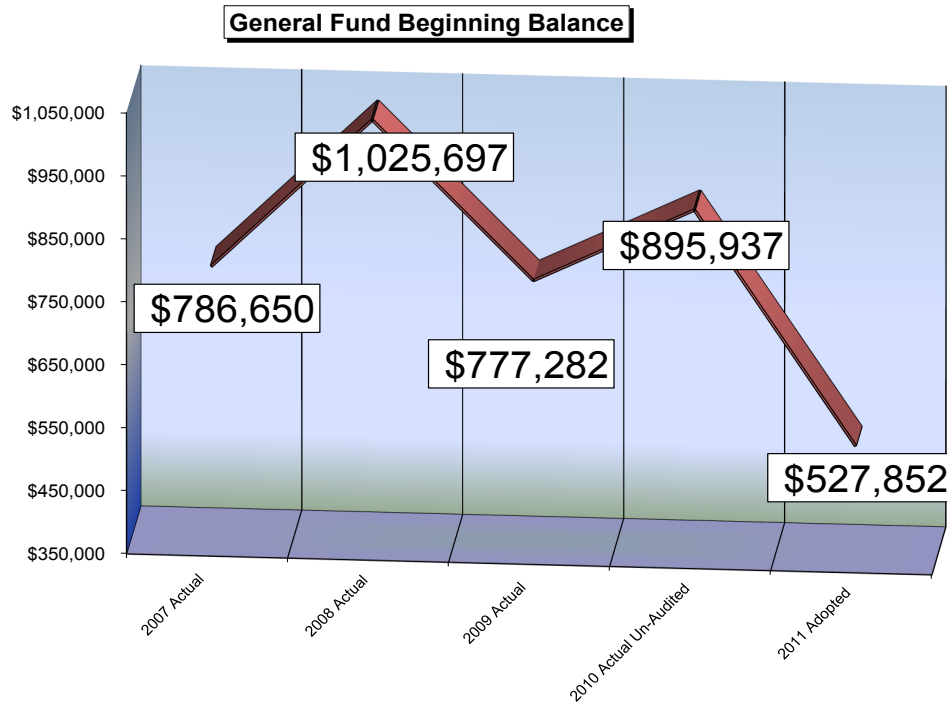
GENERAL FUND RESOURCES

Category	2007 Actual	2008 Actual	2009 Actual	2010 Actual Un-Audited	2011 Adopted
Beginning Fund Balance					
Prior Year: 10% Reserve or Less	437,934	429,203	486,641	605,297	520,076
Unencumbered Reserve	348,716	596,494	290,641	290,641	7,776
Grand Total	\$ 786,650	\$ 1,025,697	\$ 777,282	\$ 895,937	\$ 527,852
Revenues					
Taxes					
Property Tax	\$ 917,582	\$ 944,814	\$ 965,029	\$ 1,259,374	\$ 1,230,035
Sales Tax	\$ 1,794,742	1,791,427	1,642,163	1,763,896	1,749,170
B&O Tax	\$ 660,034	758,216	758,499	739,304	802,500
Utility Taxes	\$ 720,391	736,172	836,315	907,310	1,021,300
Gambling Tax	\$ 45,635	46,094	50,438	36,064	28,800
Licenses & Permits	\$ 77,030	53,050	51,429	109,707	76,000
Intergov't Revenues	\$ 75,874	112,030	97,115	133,172	87,772
Charges for Services	\$ 49,128	41,192	42,543	64,177	49,560
Fines & Forfeits	\$ 43,550	42,906	33,464	18,520	20,400
Interest & Miscellaneous	\$ 63,044	77,646	48,189	59,324	15,500
Transfers & Other	\$ 84,064	96,195	147,105	221,709	212,420
Land & Building Management			1,621,493		
Bonds & Loans	-				
Total Revenues	\$ 4,531,075	\$ 4,699,741	\$ 6,293,782	\$ 5,312,557	\$ 5,293,457
Total Resources	\$ 5,317,725	\$ 5,725,438	\$ 7,071,064	\$ 6,208,494	\$ 5,821,309
Total Program Expenditures	\$ 4,292,028	\$ 4,948,629	\$ 6,175,599	\$ 5,329,156	\$ 5,200,761
<i>Revenues - Expenditures =</i>	<i>\$ 239,047</i>	<i>\$ (248,888)</i>	<i>\$ 118,183</i>	<i>\$ (16,599)</i>	<i>\$ 92,696</i>

The 2011 overall total General Fund projected revenues reflect a less than 1% (.0036) decrease in comparison to 2010 Actual Un-Audited receipts. In the following narrative, percentages that appear in resource headings refer to the percentages of total revenues represented by the revenue stream (without beginning cash balances). Total resources for the fund, as seen in the above chart, include both beginning fund balances and loans (both considered to be non-revenues when evaluating revenues versus expenditures for any fiscal year).



General Fund Revenues



Beginning Fund Balance

\$527,852

This is the amount of cash and investments considered to be on-hand in the General Fund at the beginning of 2011. The chart illustrates the 5 year trend for the General Fund's Beginning Fund Balance. The graph shows how the beginning fund balance has been decreasing over the past 4 years. This balance artificially increased 15.27% in 2010 over 2009 due to loan proceeds that were included in the balance, the projected decrease in 2011 of 41% continues to reflect the impact that the economy is having on the City.

REVENUES

Taxes

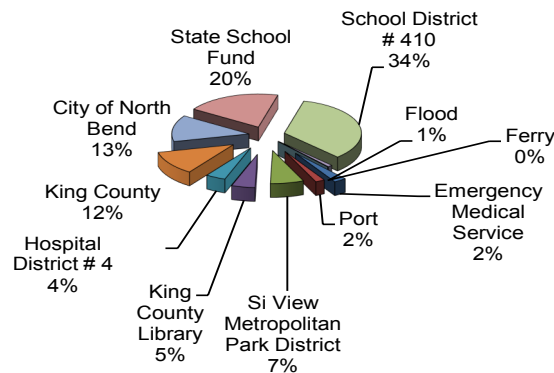
Tax revenues account for 83% of General Fund revenues. These taxes include real and personal property taxes, business taxes and utility taxes.

- Real and Personal Property**

\$1,230,035 **23%**

While the City receives revenues from property taxes, only a portion of the total property tax collected by the King County Assessor supports City activities. In fact, for 2011, the total property tax levy for residents of North Bend is \$11.45741 per \$1,000 of assessed valuation. Of this, only \$1.47824 support municipal activities (see graph on the next page for complete break down of other property tax recipients). The maximum levy allowed for most cities within the State of Washington is \$3.375 per \$1,000 of assessed valuation; North Bend has chosen not to increase taxes since 2007 and is far below this maximum allowance at \$1.47824.

North Bend Property Tax: 2011 Distribution of \$1.00



Business Generated Taxes	\$2,770,470	52%
---------------------------------	--------------------	------------

The City collects taxes through the business community operating within North Bend City limits. Retail Sales and Use taxes and Utility taxes support General Fund activities and are collected by businesses from consumers. The City of North Bend receives a .021 share of the overall 8.6% sales tax levied on sales within the City of North Bend. Utility taxes (6%) are also levied on water, sewer, solid waste (garbage), telephone, cellular phone, electric and natural gas businesses operating in North Bend and then passed on to the consumer. Projections indicate that taxes collected by businesses and paid for by consumers will decrease by 1% in 2011. This is because, according to the City's Financial Policies, sales tax revenues need to be projected based on the last complete year.

Business Taxes	\$831,300	16%
-----------------------	------------------	------------

The City also collects taxes directly from the business community operating within the North Bend City limits; the Business and Occupation tax for all types of industry is capped by statute at .002%. The other business tax levied is a gambling tax (5%). Revenues from this tax are to be used: first, for the direct enforcement of gambling activities, second, for other police operations, and third, for other non-police activities.

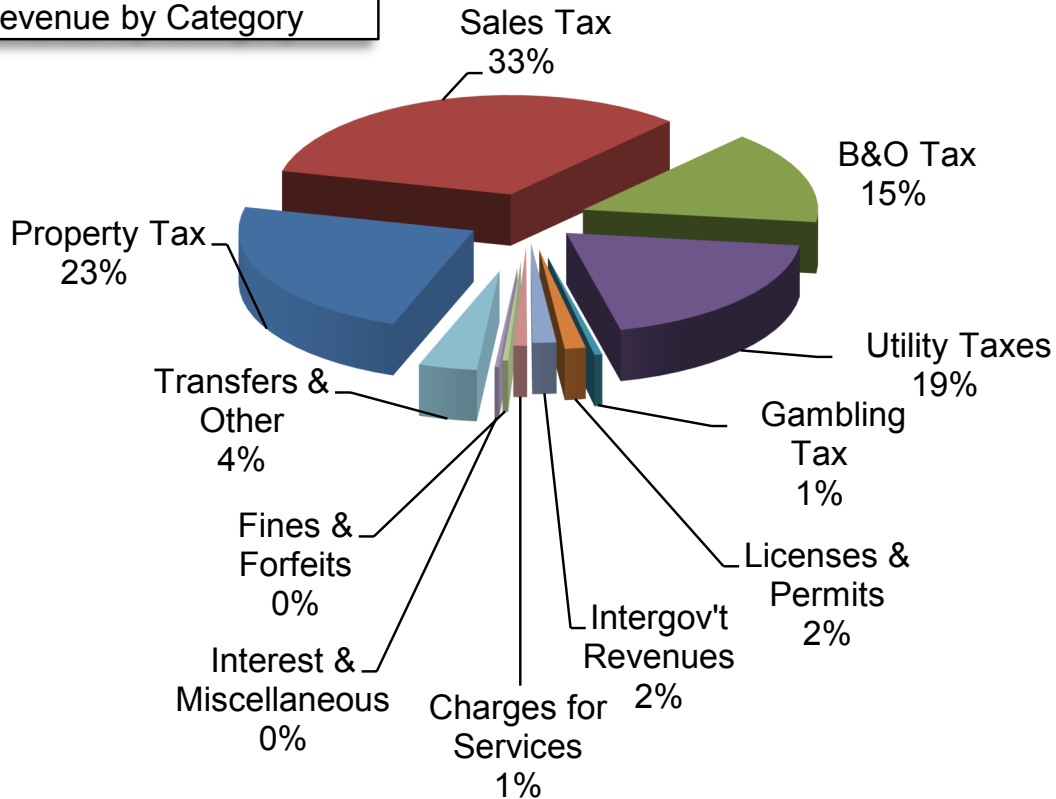
Licenses and Permits	\$76,000	2%
-----------------------------	-----------------	-----------

Revenues from licenses and permits account for 2% of the General Fund revenues. The City of North Bend issues business licenses and collects a license fee from all businesses operating within the City limits. The City also requires a wide range of permits and collects fees to cover the cost of regulation, inspection, and review of applications and projects. Building permits, plumbing permits, and mechanical permits are all required

Intergovernmental Revenue	\$87,772	2%
----------------------------------	-----------------	-----------

The City of North Bend receives a proportion of some taxes collected by other jurisdictions; these intergovernmental revenues account for 2% of the General Fund revenue stream. The city receives a proportion of the Liquor Excise Tax and Liquor Board profits. Motor Vehicle Excise Tax, formerly received under this category, was eliminated by the implementation of Initiative 695 in 2000.

Revenue by Category



Charges for Services	\$49,560	1%
-----------------------------	-----------------	-----------

In some cases, the City is reimbursed for services performed. These fees collected are accounted for here and are used to support General Fund activities. Charges are assessed for the following: late charges on utility bills and engineering inspection, plat review & plan review services. Charges for services account for less than 1% of General Fund revenues. Other development related charges are collected in the Development Projects Fund (Fund #125).

Fines and Forfeits	\$20,400	0%
---------------------------	-----------------	-----------

The City collects fines for traffic violations, traffic and parking infractions, misdemeanors, and DWI violations. This revenue stream accounts for less than 1% of all General Fund revenues.

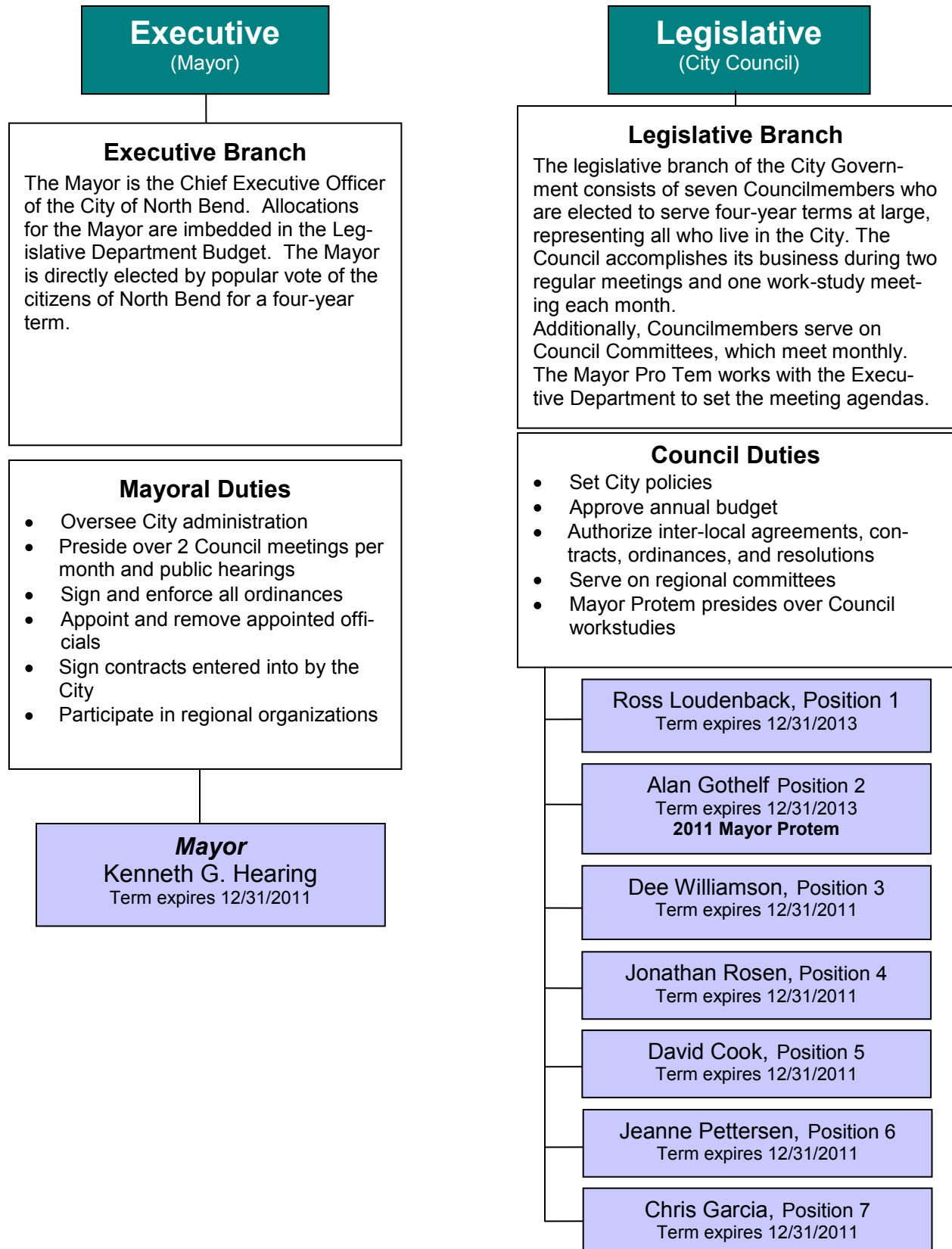
Miscellaneous Transfers & Other Revenue	\$227,920	4%
--	------------------	-----------

This accounts for smaller revenue streams such as investment interest, facility rentals, and ball field rentals. Four percent of General Fund revenues are collected through these miscellaneous sources. Other revenues include transfers from other funds to help offset multi-fund expenses recorded in the General Fund.

Total General Fund Revenues	\$5,293,457	100%
------------------------------------	--------------------	-------------



Executive and Legislative Departments





Executive and Legislative Departments 2011 Council Committees

Mayor Pro-Tem

(Alan Gothelf)

This position is responsible for presiding over Council work studies and working closely with the Mayor & City Administrator as Council liaison.

Budget, Finance and Administration

Chair: Councilmember Rosen

Attended by: Councilmember Garcia and Councilmember Pettersen

This committee is responsible for developing policies relating to the following issues: administrative policy, fiscal management, technology, customer service, personnel, and economic analysis.

Community & Economic Development

Chair: Councilmember Pettersen

Attended by: Councilmember Garcia and Councilmember Cook

This committee is responsible for developing policies relating to the following issues: planning, zoning, parks, recreation and economic development.

Public Health and Safety

Chair: Councilmember Williamson

Attended by: Councilmember Rosen and Councilmember Loudenback

This committee is responsible for developing policies relating to the following issues: fire protection and emergency medical services, law enforcement, public health, emergency management and special events.

Transportation and Public Works

Chair: Councilmember Loudenback

Attended by: Councilmember Garcia and Councilmember Cook

This committee is responsible for developing policies relating to the following issues: water, sewer, streets and drainage, park maintenance, engineering and inspections, solid waste and recycling, and equipment maintenance.

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Compensation	26,870	40,025	40,304	1%
Overhead	16,841	21,235	16,300	-23%
Council Contingency	0	0	0	N/A
Total	43,711	61,260	56,604	-8%



Administration and Record Services

Administration Functions:

- Ensure implementation of council policies and goals
- Oversee management of all City departments
- Personnel Management and Collective Bargaining Negotiations
- Oversee public safety services contracts with King County Sheriff's Office, King County District Court, Jail services and Eastside Fire & Rescue
- Manage grant program
- Policy development
- Emergency planning and emergency services
- Public outreach: cable access channel and website.
- Economic Planning and Development
- Webpage Staffing

2010 Administration Highlights

Goal: Negotiate with Clerical Union to identify and implement cost savings.

Result: Renegotiated a contract with the Clerical Union members to switch insurance providers along with the exempt staff in March 2011. The City will save approximately \$20,000 in benefits costs.

Administrative and Record Services Staff

City Administrator	Duncan C. Wilson
City Clerk	Cheryl Proffitt-Schmidt
Deputy City Clerk	Susie Oppedal
Administrative Assistant/ Records Clerk	Juanita Smart



Administration and Record Services

Record Services Functions:

- Oversee city records: retention, destruction, and public disclosure requests
- Develop council agendas, packets, meeting minutes, and legal notices
- Coordinate office reception services and provide administrative support
- Coordinate local elections and voter registration
- Issue special events permits
- Officiate over bid openings
- Coordinate Central Services

2010 Record Management Highlights

Goal: Meet 100% of the records indexing requirements of RCW 42.17.260, which requires that cities maintain and make available a current index of all records.

Result: Identified, inventoried and indexed all city and departmental records.

Goal: Provide departmental training on retention and disposition of departmental paper and electronic records.

Result: Conducted 3 training sessions with staff.

Goal: Compile, review and index 100% of all current City policies.

Result: 56 City and departmental policies were reviewed and catalogued.

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	260,338	266,539	220,516	-17%
Overhead	17,178	7,505	9,170	22%
Total	277,516	274,044	229,686	-16%



Finance Department

Financial and Accounting Services Functions:

- Lead role in Budget process
- Budget document preparation and monitoring
- Payroll and benefits administration
- Utility billing and accounting
- Business license administration
- Business and occupation tax collection
- Accounts Payable
- Management and investment of City funds
- Central cashiering
- Staff Finance Council Committee
- Financial reporting and projections
- Financing of public projects
- Technology development and management

For Technology Information,
See Internal Services

Finance Department Staff

Finance Director	Maryann Nelson
Assistant Finance Director	Stanley Lewis
Staff Accountant	Beth Waltz
Payroll Officer	Sheri Payne
Utilities Coordinator	Julie Posey
Business License & Tax Coordinator	Loretta Rodni



Finance Department

2010 Finance Department Highlights

Goal: Complete a 100% review of all financial policies.

Result: The policies were reviewed and it was determined that the Debt, Investment, Attractive Asset, and the Reserve policies were in need of updates. The Investment and Attractive Asset policies are 90% complete.

Goal: Create a budget planning tool to ensure accuracy and scalability throughout the entire budget process.

Result: Maintained 100% accuracy of information and presentation during the budget process.

Department Statistics	2007 Actual	2008 Actual	2009 Actual	2010 Actual
Water Accounts	1718	1720	1723	1722
Sewer Accounts	958	954	954	953
Storm Drain & Flood Accounts	2678	2740	3388	3450
New Business License Issued	140	119	208	187
Number of Business Accounts Serviced	821	837	932	1008
Annual Report to State Auditor	On Time	On Time	On Time	On Time
Washington State Audit Results	No Findings	No Findings	No Findings	No Findings
Quality of Budget Document	WFOA Award	WFOA & GFOA Award	GFOA Award	No Application Submitted

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	247,481	265,602	262,760	-1%
Overhead	18,281	28,790	27,800	-3%
Insurance	110,833	122,684	139,260	14%
Total	376,594	417,075	429,820	3%



Law Enforcement

**Police Services contracted through
King County Sheriff's Office**
One Officer is provided 24/7 on a rotating basis, backed up by
a County Officer and supervised by a Police Chief (Sergeant)

Police Department Responsibilities

- Traffic enforcement
- Monitor jail contract
- Crime investigation
- Crime prevention
- Patrol
- Jail transports
- House and business security checks
- Issue concealed pistol licenses
- Issue specialized forest product permits

Department Statistics	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual
Dispatched Calls For Service	1544	1463	1408	1638	1806
Case Reports Written	802	761	608	772	757
False Alarm Responses	158	134	150	145	131
Traffic Enforcements	396	706	328	330	412
Parking Infractions	21	20	4	10	18
Criminal Traffic Citations	135	153	67	44	84
DUI Citations	9	12	5	12	9
Public Appearances	18	23	24	19	19
Crime Prevention Meetings	3	4	7	4	8
Jail Transports	23	32	48	56	77
Traffic Accident Investigations	65	79	64	77	96
Traffic Complaint Investigations	9	2	5	3	2
Arrests	271	273	216	224	Unknown
Counts are unofficial and not verified by County those given are lower then actual.					

King County Sheriff's Office, Precinct 2 North Bend Sub-Station Staff

Chief of Police ServicesSergeant Mark Toner
Office SupervisorKym Smith
Administrative AssistantJennifer Bourlin



Law Enforcement

2010 Law Enforcement Highlights

Goal: Implement a Prescription Drug Disposal Program for the City and surrounding community through educating the public on the dangers of prescription drug abuses and providing safe options for the disposal of unused prescription drugs.

Result: This program has been a success with positive response from the community. To date we have collected and destroyed over 130 pounds of unnecessary prescription medication that previously had no safe, easy way of being disposed of. Other agencies in the area are joining in the program and will amplify our success. This program will be continued until legislation is passed to better address Rx drug disposal.

Goal: Reduce opportunity for minors to acquire alcohol and tobacco by Conducting Alcohol and Tobacco Emphasis Investigations, educating businesses on the sale of liquor and tobacco products to minors, conducting sting operations to encourage compliance, and the use of media contacts to educate the public on the efforts.

Result: This project was successful. Education and enforcement, in association with multiple agencies and local media had a significant impact on violations. No significant MIP parties were noted during the project. We are awaiting statistics from the State to determine traffic accident reductions. We will repeat this project in 2011.

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	111,089	113,537	122,588	8%
KC Contract	1,089,705	1,070,557	1,183,000	11%
Overtime	13,465	10,191	15,000	47%
Overhead	99,956	86,834	113,680	31%
Copier Lease	4,484	4,900	5,000	2%
Jail	74,079	82,099	77,000	-6%
Total	1,392,778	1,368,118	1,516,268	11%



Fire & Emergency Medical Services

**Fire Protection & Emergency Services contracted
through Eastside Fire & Rescue**
Station 87 services North Bend and Fire District 38

On January 1, 1999 the consolidation of several agencies created a new Fire and Emergency Medical Services agency called Eastside Fire & Rescue. The agencies joining in this consolidation effort included King County, Washington Fire Districts 10 and 38 and the Cities of Issaquah and North Bend, with the City of Sammamish joining the consolidation in January 2000. A representative Regional Board governs Eastside Fire & Rescue. In 2010, this station had a total of 1,490 response calls, which included 644 service calls for the City of North Bend.

Fire Prevention and Suppression Services

- Fire suppression
- Rescue services
- Hazardous materials response
- Fire code enforcement
- Public education
- Building Plan Review

Emergency Medical Services (EMS)

- Advanced Life Support
- Basic Life Support

Training

- Firefighting training
- Emergency medical training
- Special operations training

Eastside Fire & Rescue North Bend Station 87

Station Captain	Mark Ashburn
Company Officer	Lt. Chris Loken
Company Officer	Lt. Bill Pitt
Firefighter	Tom Little
Firefighter	Mark LeRoy
Firefighter	Bob Venera
Firefighter	Terry Cushman
Firefighter	Jon Wiseman
Firefighter	Scott Foster
Firefighter	Bob Butterfield
Firefighter	Mike O'Brien
Firefighter	Mark Vetter
Paramedics (Advanced Life Support)	(2) Assigned from Bellevue Fire Department
Reserve Staff.....	Approximately 3 volunteers



Fire & Emergency Medical Services

5 Year Emergency Response Summary

Type of Response	2006 Responses	2007 Responses	2008 Responses	2009 Responses	2010 Responses
Automatic Fire Alarms	92	61	62	71	52
EMS Incidents	477	534	512	485	491
Fire - Non-Structure	24	17	24	30	29
Fire - Structure	7	5	12	8	8
Motor Vehicle Accident	27	29	28	26	22
Other	90	79	100	91	117
Rescue	2	0	0	2	1
TOTAL RESPONSES	719	725	738	713	720
Alarm Responses in FD #38	559	516	492	557	495
EFR Total Alarm Responses; FD #10, Issaquah, Snoqualmie, Carnation, Fall City, Snoqualmie Pass and out side of the Fire District	8262	7745	7977	8248	8439

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11 %
EFR Contract	722,157	672,925	735,030	9%
EFR Equip Res	41,378	37,036	29,333	-21%
EFR Cap Maint Cont	7,089	6,147	6,150	0%
Hydrant Maint & Ops	0	7,319	10,399	42%
Dist 38 Annex Payment	0	95,966	0	-100%
RFA Contribution	0	0	2,500	N/A
Total	770,624	819,393	783,412	-4%



Building Department

The City regulates building and associated construction activities to protect public health, safety and welfare pursuant to uniform construction codes adopted by the State of Washington (RCW 19.27) in addition to local codes governing land use and code enforcement (NBMC 20.10).

Building Department Functions:

- Plan reviews
- Building permits
- Plumbing permits
- Mechanical permits
- Mobile home permits
- Building move permits
- Sign permits
- Inspections

Other Functions:

- Technical Review Committee
- Code enforcement
- Policy development
- Assigning addresses
- Business license review
- ADA reviews
- Energy reviews
- Indoor air quality reviews

Building Department Staff

Community & Economic Development Director	Gina Estep
Building Official	Contracted
Permit Technician/Office Coordinator	Tom Meagher



Building Department

2010 Building Department Highlights

Goal: Create a "Construction Plan Archival Center" by digitalizing, index and archive approximately 500 sets of construction plans.

Result: The Center is complete and 75% of the plans have been indexed, the remaining 25% will be completed in 2011.

Goal: Create a Green Building Incentive Program.

Result: The City implemented an incentive based green or low impact street section in the NBMC and the construction related incentives are expected to be created in 2011.

Building Permits Issued 2006 - 2010										
Building Permit Type	2006 Issued	Improvement Valuation 2006	2007 Issued	Improvement Valuation 2007	2008 Issued	Improvement Valuation 2008	2009 Issued	Improvement Valuation 2009	2010 Issued	Improvement Valuation 2010
New Single Family	2	\$511,491	2	\$379,017	0	\$0	1	\$350,000	10	\$3,024,012
Single Family Additions & Alterations (Includes Garages/Carports, Fire Permits)	14	\$587,546	12	\$398,757	14	\$698,824	11	\$371,489	7	\$150,616
New Mobile Homes	2	\$12,000	0	\$0	0	\$0	0	\$0	0	\$0
Multi-Family Additions & Alterations	0	\$0	1	\$5,000	1	\$75,000	1	\$2,000	1	\$2,400
Residential Plumbing	11	\$44,876	3	\$21,552	2	\$22,000	2	\$1,000	2	\$142,300
Residential Mechanical	26	\$48,460	34	\$143,582	25	\$92,064	28	\$107,935	54	\$243,073
New Commercial	0	\$0	0	\$0	2	\$1,820,812	1	\$248,000	1	\$22,000
Commercial Additions/Alterations/Tenant Improvements (Includes Fire Permits)	34	\$1,274,484	27	\$1,175,569	24	\$963,153	19	\$262,861	23	\$783,857
Commercial Mechanical	2	\$6,200	13	\$209,962	9	\$109,319	9	\$83,924	9	\$673,100
Commercial Plumbing	5	\$51,900	5	\$222,800	4	\$60,000	8	\$73,568	6	\$33,278
Signs	18	\$143,757	21	\$72,227	14	\$32,349	18	\$59,347	14	\$56,004
Demolitions	1	\$1,000	4	\$3,000	2	\$14,500	4	\$104,885	4	\$19,873
AG & UG Fuel Tanks	4	\$6,000	2	\$2,700	1	\$695	0	\$0	4	\$22,300
Grading & Clearing (Includes Tree Permits)	12	\$51,820	9	\$8,350	9	\$108,100	19	\$3,956,058	16	\$1,243,775
Miscellaneous (Roof, Façade, etc...)	13	\$224,677	12	\$107,723	9	\$110,122	8	\$363,312	15	\$121,139
TOTALS	144	\$2,964,211	145	\$2,750,239	116	\$4,106,938	129	\$5,984,379	166	\$6,537,727

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	175,738	177,782	164,160	-8%
Overhead	31,352	20,516	19,476	-5%
Copier Lease	2,817	3,269	2,990	-9%
Abatement	0	0	0	N/A
Total	209,907	201,567	186,626	-7%



Planning Departments

The Planning Department prepares and administers plans, policies and regulations pursuant to authority in Federal and State laws to protect public health, safety and welfare. Primary state laws governing planning include the Growth Management Act RCW 36.70A, the Shoreline Management Act RCW 90.58 and the Platting requirements in RCW 58.17.

Planning Functions

- Planning under GMA
- Policy development
- Code development
- Moratorium response
- Endangered Species Act response
- Shoreline management
- Business license review
- Development Permit Center
- Technical Review Committee
- Concurrency Reviews

Regulatory Functions

- Rezones
- Lot line adjustments
- SEPA review
- Design and landscape review
- Conditional use permits
- Floodplain development permits
- Annexations
- Subdivisions
- Site plans
- Sensitive area review
- Variance/AATS
- Shoreline permits
- Mobile home parks

Planning Department Staff

Community & Economic Development Director	Gina Estep
GIS Technician	Marc Ramsey
Senior Planner	Jamie Burrell
Senior Planner	Mike McCarty
Permit Technician/Office Coordinator	Tom Meagher



Planning Departments

2010 Planning Department Highlights

Goal: Create an Adopt-A-Park program to allow for limited volunteer participation in the maintenance of City parks and trails.

Result: Council adopted the program and now the Parks Commission is contacting non-profit organizations and neighborhoods to encourage participation.

Goal: Secure funding for Tollgate Farmhouse electrical service connection.

Result: The City will receive \$10,000 in funding from 4-Culture to complete the electrical service connection on the farmhouse.

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	258,237	264,958	278,143	5%
Overhead	50,873	30,333	30,946	2%
Copier Lease	6,881	7,533	3,990	-47%
Shoreline Master Program	4,982	15,212	0	-100%
Total	320,973	318,035	313,079	-2%



Parks Departments

**The Public Works Department includes municipal operational and managerial responsibilities of the Parks Division.
(See Public Works)**

Parks Department Functions

- Maintain clean and safe facilities
- Keep parks clear of litter
- Maintain irrigation systems, walkways, paths and play areas
- Maintain park grounds through mowing, fertilizing, pruning, watering, and weed control
- Coordinate the use of the North Bend Athletic Fields
- Maintain park buildings (including bathrooms) and gazebos

Parks Department Staff

		%FTE
Public Works Director.....	Ron Garrow.....	13%
Assistant City Engineer	Tom Mohr.....	15%
Public Works Office Coordinator	Barbara Greenwalt.....	17%
Lead Parks Technician.....	Mark Pray.....	100%
Maintenance Workers	Randy Grina	98%
Maintenance Workers	Steve Riggle.....	50%
Maintenance Worker	Derek Osborne.....	70%



Parks Departments

2010 Parks Department Highlights

Added ½ acre park in Tannerwood Development that serves 74 primary residences in the immediate neighborhood plus the surrounding neighborhood.

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	374,701	339,665	313,544	-8%
Overhead	137,936	116,149	148,857	28%
Equipment Trailer	0	0	0	N/A
Copier	791	912	653	-28%
Total	513,427	456,726	463,054	1%



Legal and Court Services

Legal Services Responsibilities

- Represent the City in general civil matters
- Conduct criminal prosecutions
- Provide research, opinions and recommendations
- Prepare and review contracts, ordinances, and policies
- Assist the City with additional legal matters, as requested
- Prepares for issues to be heard before the Hearing Examiner
- Mediates in land use matters as necessary

Court Services Responsibilities

- Provide court services for citations, infractions, misdemeanors, and domestic violence cases
- Provide judges and staff
- Issue warrants on City's behalf
- Render probation services on City's behalf.

Legal Services Staff

City Attorney	Michael R. Kenyon
Land Use Services Hearing Examiner	Sound Law Center
Court Services	Issaquah Municipal Court
Public Defender	Jacobson Law Group

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
City Attorney & Prosecutor	105,705	107,544	115,000	7%
Special Litigation	48,678 *	3,730	12,000	222%
District Court	25,148	30,619	29,000	-5%
Public Defender & Witness Fees	11,010	11,560	17,775	54%
Total	190,541	153,453	173,775	13%

* Additional attorney fees for purchase of properties dedicated to Park & Ride facility and construction of Downing Street extension.



Community Support

Each year, the North Bend City Council appropriates funds in support of social service agencies. The Council establishes funding levels during the budget cycle. Many of these funds go to local organizations established to meet the needs of the community; other funds support treatment activities.

Human services are defined as services that assist individuals in meeting their basic needs: food, shelter, clothing, medical assistance and safety from abuse.

North Bend also contributes to several community organizations that enrich the City and its quality of life.

Human Services	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Senior Services	30,000	30,000	30,000	0%
Encompass	10,000	12,000	10,000	-17%
Mt Si Helping Hands - Food Bank	20,000	24,000	28,000	17%
Hopelink	1,000	-	-	N/A
Eastside Domestic Violence	1,000	1,000	1,000	0%
Indoor Playground Program	1,000	1,000	1,000	0%
Network Services of Puget Sound	1,500	5,000	-	-100%
Eastside Baby Services	1,500	1,500	1,500	0%
Human Services Reserve Fund	5,000	-	500	N/A
Totals	71,000	74,500	72,000	-3%

Community Services	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Operation Santa Claus	300	-	-	N/A
Community Service Awards	-	-	-	N/A
Meadowbrook Staffing	10,000	10,000	10,000	0%
Elk Management Group	-	3,500	-	-100%
Festival Overtime Wages	-	-	-	N/A
2009 Centennial Celebration	17,625	576	-	-100%
Downtown Block Party	-	8,129	5,000	-38%
Downtown Beautification	7,086	12,630	4,200	-67%
North Bend Historical Museum	3,125	2,500	2,500	0%
King County Air Pollution Control	2,529	2,618	2,700	3% (Mandatory)
King County Alcoholism Program	1,160	1,414	1,200	-15% (Mandatory)
Totals	41,824	41,367	25,600	-38%



Central Services

The Central Services department serves as a cost center for activities that benefit all City Hall Departments and some city-wide functions. Such items are photocopying, general shared office supplies, telephone services, janitorial services, and facilities maintenance and repair.

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	17,562	12,293	9,022	-27%
Overhead	192,662	179,183	157,250	-12%
VHF/UHF Emergency Radio	2,002	0	0	N/A
Emg Note/Tourism Radio	5,816	0	0	N/A
Copier Lease	6,160	7,993	8,000	0%
Total	224,203	199,468	174,272	-13%



Emergency Preparedness

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Overhead	0	373	2,500	571%
Total	0	373	2,500	571%



Land & Building Management

The Land & Building Management department centralizes the land purchases made by the General Fund.

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
BOA Line of Credit Interest	3,724	268,298	0	-100%
Houch Property	315,000 *	0	0	N/A
Pfiffner Property	532,750 *	0	0	N/A
Transfer to Sewer Capital	0	164,089	0	-100%
Totals	851,474	432,386	0	-100%

* Property purchased for the Downing Avenue Extension Project



Photo by Sandy Horvath

The real voyage of discovery consists not in seeking new
landscapes but in having new eyes.

Marcel Proust



Operating Transfers

In addition to supporting the expenses incurred by City departments, the General Fund also supports activities of other City funds.

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
GF transfer to Capital Improvement(110)	50,000	50,000	57,423	15%
GF Contribution to Streets Maintenance	456,417	214,129	462,321	116%
B&O Tax transfer to Trans Imp Program	131,214	120,417	126,000	5%
GF transfer to Economic Dev (108)	8,000	0	27,063	N/A
Sales Tax to Economic Dev (108)	32,000	32,000	32,000	0%
GF transfer to Solid Waste	0	7,696	0	-100%
GF transfer to Tollgate Farmhouse	8,925	3,653	0	-100%
GF transfer to Climbing Rock	90,221	0	0	N/A
GF transfer to Torguson Bathrooms	45,223	0	0	N/A
GF transfer to Tot Lot	69,025	0	0	N/A
GF transfer to 2010 Fire Station	0	0	19,780	N/A
GF transfer to 2010 LTGO Bond	0	43,496	49,478	14%
Totals	891,025	471,391	774,065	64%



Photo by Matt N. Johnson

If we had no winter, the spring would not be so pleasant; if we did not sometimes taste of adversity, prosperity would not be so welcome.

Anne Bradstreet



Streets Operating Fund

Street Department Functions

- Street sweeping
- Asphalt paving, crack sealing and re-grading
- Traffic control
- Street sign maintenance
- Snow and ice removal
- Emergency response
- Curb and sidewalk repair
- Debris clearing
- Maintain street right of way
- Vegetation Control

Streets Department Staff

		%FTE
Public Works Director.....	Ron Garrow.....	13%
Assistant City Engineer	Tom Mohr.....	20%
Public Works Office Coordinator	Barbara Greenwalt.....	17%
Lead Streets Technician	Larry Shaw	42%
Maintenance Worker	John Jackson	49%
Maintenance Worker	Steve Riggle.....	22.5%
Maintenance Worker	Derek Osborne.....	30%

2010 Streets Department Highlights

Goal: Remain on target with the Pavement Management Program.

Result: 100% completion of overlay of streets designated for overlay on the Pavement Management Program.

Goal: Conducted limited downtown tree replacement.

Result: Replaced 6 of the trees in the downtown area that were in need of replacement.

Street Inventory Report						
Type of Surface	Cement Concrete Pavement	Asphalt Plant or Road Mix	Bituminous Surface Treatment	Gravel or Crushed Rock	Dirt and Unimproved	Total Miles
Centerline Miles	0	32.90	0.5	1.05	0.58	35.02939

2010 Additions:

Stilson Annexation 0.77841

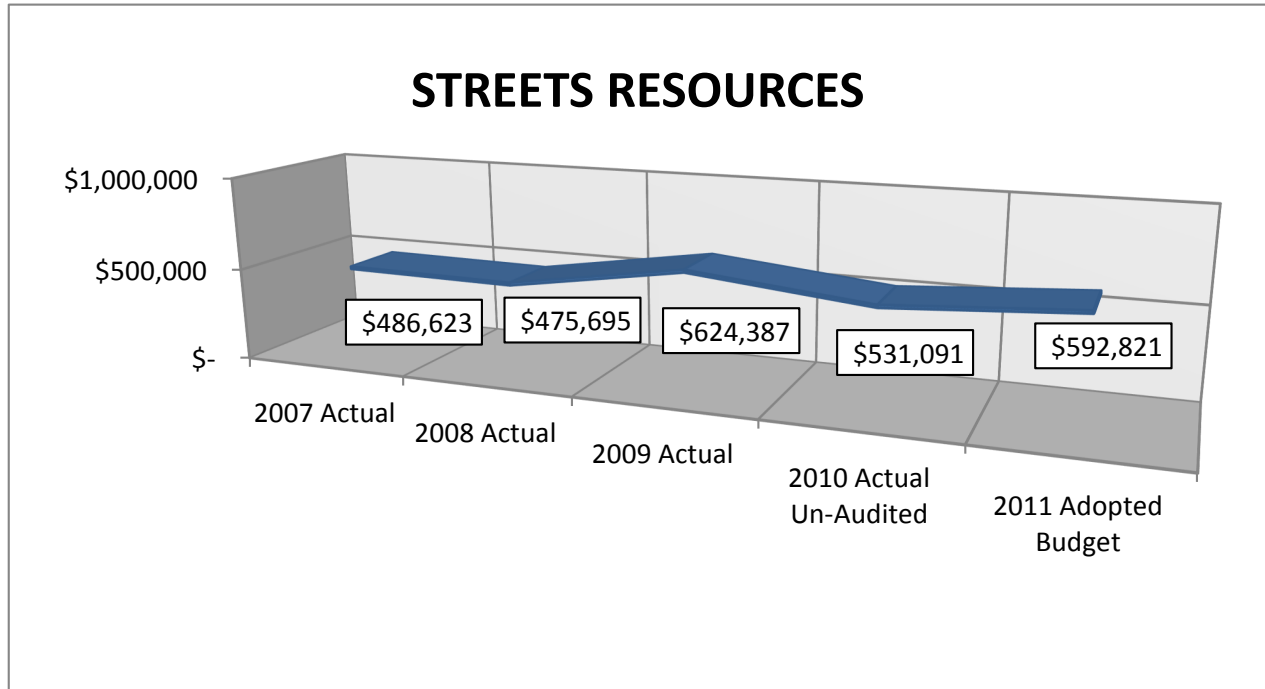
Downing Ave 0.06439

Tannerwood Plat 0.34659

Total Added 1.18939



Streets Operating Fund



2011 Resources By Category	2009 Actual	2010 Actual Un-Adopted	2011 Adopted	Variance 10-11%
Taxes	73,723	220,732	79,000	-64%
Licenses & Permits	2,905	6,422	1,500	-77%
Grants & Miscellaneous	15,579	25,099	0	-100%
Transfer From General Fund	456,417	214,129	462,321	116%
Transfer From Streets Capital (Pavement Management)	75,763	64,707	50,000	-23%
Total	624,387	531,090	592,821	12%

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	148,041	159,089	179,348	13%
Overhead	181,153	197,746	208,713	6%
Street Lighting	56,527	51,171	55,000	7%
Street Overlay	75,763	65,197	100,000	53%
Boalch Street Bridge Repair	112,079	0	0	N/A
Debt	50,824	57,888	49,760	-14%
Total	624,387	531,090	592,821	12%



Streets Capital Fund

The function of the Street Capital Projects Fund is to amass monies for the construction of street projects in the 6 year Transportation Improvement Program (TIP). The primary revenue streams are Gasoline and Fuel Excise Taxes and a portion of Business & Occupation Taxes transferred from the General Fund.

2010 Streets Capital Highlights

Goal: Complete the construction of the City's first "Park & Ride".

Result: The facility was completed and has spaces for 84 cars for commuters and downtown parking. Also because of the completion of the facility and King County Metro altering their bus routes a previous "Car Pooling Lot" on the east end of town was transformed into an additional park and ride.

Goal: Complete the design and construction of the Downing Street Extension.

Result: The extension was completed and now connects Downing Street thru from 2nd St. to North Bend Way.

2011 Resources By Category	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	164,855	105,506	34,671	-67%
Taxes	34,693	39,325	37,000	-6%
Interest & Misc. Revenue	5,833	0	0	N/A
B&O Tax from Gen Fund	131,214	120,417	126,000	5%
Cash flow reimbursements from Municipal Projects	26,873	341,643	0	-100%
Tr from REET for Transportation Improvement Plan (TIP)	50,000	50,000	0	-100%
Total Resources	413,468	656,891	197,671	-70%

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	54,950	54,941	30,319	-45%
Overhead	65	169	620	266%
Copier Lease	2,656	2,629	0	-100%
Transportation Comp Plan	0	0	25,000	N/A
Transfer to Transportation Improvement Plan (TIP)	174,528	393,840	32,192	-92%
Transfer to LTGO Bond Refinance Pmnt	0	0	30,000	N/A
Transfer to Streets Op Pavement Mgnt	75,763	64,707	50,000	-23%
Ending Fund Balance	105,506	140,604	29,540	-79%
Total Appropriated	413,468	656,891	197,671	-70%



Economic Development Fund

The resources in this fund are to be utilized for citywide economic planning including downtown revitalization and to create linkages between the interchange commercial and downtown areas. Some of the projects supported by this fund have been initiated by or tasked to the Economic Development Commission (EDC).

2010 Economic Development Highlights

Goal: Complete City Website re-design and update.

Result: The website is 50% updated and is anticipated to be completely functional in May 2011.

Goal: Organize and host the 2010 Downtown Block Party.

Result: The block party was a success drawing approximately 2,500 people to the historic downtown area and businesses.

2011 Resources By Category	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	37,567	32,082	91	-100%
Taxes	4,347	8,267	4,300	-48%
Interest & Misc. Revenue	5,833	0	0	N/A
Sales Tax from GF	32,000	32,000	32,000	0%
Tr from GF	8,000	0	27,063	N/A
Total Resources	87,747	72,348	63,454	-12%

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	32,642	33,803	34,638	2%
Overhead	6,531	7,110	9,514	34%
Visitor Information Center	9,492	3,975	3,500	-12%
Arts Commission Supplies	-	-	-	N/A
Historical Arch Design	-	-	-	N/A
Downtown Master Plan	7,000	24,047	5,000	-79%
Website Designs	-	-	10,000	N/A
Ending Fund Balance	32,082	3,413	802	-76%
Total Appropriated	87,747	72,348	63,454	-12%



Capital Improvement Fund (REET)

This fund accounts for the Real Estate Excise Taxes (REET) collected by the City. A Real Estate Excise Tax is levied on all real estate transactions in the City; state law restricts the use of these revenues. The first $\frac{1}{4}$ of one percent is restricted to capital projects as outlined by state law. The second $\frac{1}{4}$ of one percent is restricted to capital projects identified in the Capital Facilities Plan of the City's Comprehensive Plan.

Once accounted for, these capital improvement funds are then transferred out to support allowed activities. Most of these funds are utilized for payments on capital City debt and to fund municipal projects.

2011 Resources By Category	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	112,457	23,291	0	-100%
Taxes	74,919	120,570	120,000	0%
Transfer from GF	50,000	50,000	57,423	15%
Cash flow reimbursements from Municipal Projects	130,760	43,798	0	-100%
Interest & Miscellaneous Rev.	0	12,749	0	-100%
Total Resources	368,136	250,408	177,423	-29%

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Planning Annex	18,894	0	0	N/A
Public Works Shop for Parks	42,189	41,748	25,204	-40%
Tr 2010 LTGO Bond (Tollgate)	0	48,751	110,908	127%
Tr 2010 Wat/Sew Bond (Parks)	0	14,162	23,941	
Tr Tollgate Bond Redemption	112,619	31,975	0	-100%
Tr Debt Srvc-NB Way	11,885	11,558	11,250	-3%
Tr Debt Srvc-NB Blvd	6,229	6,170	6,120	-1%
Tr Park & Ride	103,029	43,798	0	-100%
Tr Arterial (102) for TIP	50,000	50,000	0	-100%
Ending Fund Balance	23,291	2,246	0	-100%
Total Expenditures	368,136	250,408	177,423	-29%



Other Special Revenue Funds

Impact Fees & Mitigation Fund 106

Impact fees are charged to mitigate the impact of development upon public facilities and can be used only for designated purposes in a limited time from the date of collection. The City currently charges a park impact fee of \$4,054 per residential unit; no park impact fee is currently collected from commercial developments. Also, a Transportation Impact Fee of \$621 per residential unit is charged.

Park Improvement Fund 116

The North Bend Parks Commission is responsible for recommending park improvement activities to the City Council. The Council then appropriates funds from the Park Improvement Fund based on priorities set during the budget cycle.

Development Projects Fund 125

The Development Projects Fund was established by Council action in 1996 to adequately track development fees and deposits in an effort to separate them from regular City expenditures in the General Fund. In keeping with the policy that development “pay its own way”, the fund also gives the City an opportunity to bill developers for staff time associated with development projects. Those charges are transferred to the General Fund as revenue on a monthly basis.

2011 Resources By Category					
Fund #	Fund Name	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
106	Impact & Mitigation	182	67,413	37,366	-45%
116	Park Improvement	100,444	148,268	29,076	-80%
125	Development Projects	83,296	151,558	155,000	2%

Expenditures					
Fund #	Fund Name	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
106	Impact & Mitigation	182	67,413	37,366	-45%
116	Park Improvement	100,444	148,268	29,076	-80%
125	Development Projects	85,423	151,558	155,000	2%



Photo by Sandy Horvath

Like water, be gentle and strong. Be gentle enough to follow the natural paths of the earth, and strong enough to rise up and reshape the world.
Brenda Peterson



Revenue Debt

Revenue Debt is a bond issue or loan whose principal and interest are payable exclusively from the revenue of a utility fund (i.e. Water, Sewer, Solid Waste, Storm Drain). There is no limit on the amount of Revenue debt a city may issue. However, the utilities must demonstrate a capacity to fund two-times the debt payments required. After the 2010 payments are applied, total outstanding Revenue Debt will be \$11,696,443.

Public Works Trust Fund (PWTF) Loans

The City of North Bend holds four utility related loans with the Public Works Trust Fund Agency for the State of Washington. The loans are "low-interest" and range from 0% to 5% with most at 3%, as compared to revenue bonds, which cost ratepayers approximately 6% in interest.

The City of North Bend established loans with the PWTF for the following projects:

"A" Sewer line improvement:

This loan was issued in 1991 to finance a major sewer trunk from South Fork Interchange to the wastewater treatment plant. The interest rate on this loan is 3%; payoff is scheduled in 2011.

1 Sewer A Loan			2011
PWTF Loans	1,074,600	Beginning Balance	57,223
	3%	Draw	
Fund 402-040		Interest	1,717
		Principal	57,223
<i>Payoff Year: 2011</i>		Total Payment per Year	58,940
PW-5-91-280-041		Remaining Balance	(0)

"B" Sewer line improvement:

This loan was issued in 1991 to finance emergency repairs of an older sewer trunk located in downtown. The interest rate on this loan is 5%; payoff is scheduled in 2011.

2 Sewer B Loan			2011
PWTF Loans	176,149	Beginning Balance	6,721
	5%	Draw	
Fund 402-041		Interest	336
		Principal	6,721
<i>Payoff Year: 2011</i>		Total Payment per Year	7,057
PW-5-91-280-ELP-083		Remaining Balance	0

Sewer Plant laboratory building:

This loan was issued in 1996 to finance the portion of the laboratory re-build (due-to fire) that was not covered by insurance. This loan financed 22.7% of the project. The interest rate on this loan is 5%; payoff is scheduled in 2015.

3 PWT Sewer Lab Building			2011	2012	2013	2014	2015
PWTF Loans	250,000	Beginning Balance	67,023	53,619	40,214	26,809	13,405
		Draws	-	-	-	-	-
Fund 402-44	5%	Interest	3,351	2,681	2,011	1,340	670
		Principal	13,405	13,405	13,405	13,405	13,405
<i>Payoff Year: 2015</i>		Total Payment per Year	16,756	16,086	15,415	14,745	14,075
PW-5-95-791-ELP-060		Remaining Balance	53,619	40,214	26,809	13,405	(0)



Revenue Debt - continued

4 NB Water Source Development:

This loan was issued in 2006 to finance a portion of completion of the capital improvements needed to secure the City's water rights. The interest rate on this loan is 5%; payoff is scheduled in 2026.

4 NB Water Source Development			2011	2012	2013	2014	2015
PWTF Loans	3,398,267	Beginning Balance	2,949,139	2,764,818	2,580,497	2,396,176	2,211,855
4 NB Water Source Development		Draws					
Fund 401 & 411	0.5%	Interest	14,746	13,824	12,902	11,981	11,059
		Principal	184,321	184,321	184,321	184,321	184,321
Payoff Year: 2026		Total Payment per Year	199,067	198,145	197,224	196,302	195,380
PW-06-962-029		Remaining Balance	2,764,818	2,580,497	2,396,176	2,211,855	2,027,533

Washington State Revolving Fund Loans (SRF):

The funding sources of the following loans are from the Washington State Water Pollution Control Revolving Fund (SRF).

Inflow and Infiltration (I&I Project) - Phase I:

This loan was issued in 1998 to finance the replacement of sewer pipes that failed to perform. The I&I Project - Phase I replaced pipes that were not completely sealed. The interest rate on this loan is 4.4%; payoff is scheduled in 2018.

I&I Project - Phase 1			2011	2012	2013	2014	2015
Loan: State Revolving Fund (SRF)	902,061	Beginning Balance	425,105	379,701	332,277	282,744	231,007
Fund 402	4.40%	Interest	18,211	16,191	14,081	11,878	9,576
		Principal	45,404	47,424	49,533	51,737	54,038
		Total Payment per Year	63,614	63,615	63,614	63,614	63,614
Payoff Year: 2018		Remaining Balance	379,701	332,277	282,744	231,007	176,969

Inflow and Infiltration (I&I Project) - Phase II:

This loan was issued in 2004 to finance the replacement of additional sewer pipes that failed to perform. The I&I Project - Phase II, replaced pipes within the older downtown core that were not completely sealed. The interest rate on this loan is 1.5%; payoff is scheduled in 2023.

I&I Project - Phase 2			2011	2012	2013	2014	2015
Loan: State Revolving Fund (SRF)	938,850	Beginning Balance	470,026	437,022	403,522	369,518	335,001
	1.50%	Interest	6,927	6,430	5,926	5,414	4,894
Fund 402		Principal	33,003	33,500	34,005	34,517	35,036
		Total Payment per Year	39,931	39,930	39,931	39,931	39,931
Payoff Year: 2023		Remaining Balance	437,022	403,522	369,518	335,001	299,965

Wastewater Treatment Facility - Phase II (A, B & C):

This loan was executed in 2000 to finance additional improvements at the Wastewater Treatment Facility; most of the loan amount will be drawn on in 2005. The interest rate on this loan is 1.5%; payoff is scheduled in 2024.

WWTP Phase 2 (A, B & C)			2011	2012	2013	2014	2015
Loan: State Revolving Fund (SRF)	2,531,462	Beginning Balance	1,879,276	1,757,688	1,634,270	1,508,994	1,381,831
	1.50%	Draw					
CCWF-DOE - Fund 402		Interest	27,735	25,904	24,046	22,160	20,245
Washington State		Principal	121,588	123,418	125,276	127,163	129,077
Water Pollution Control (SRF)		Total Payment per Year	149,322	149,322	149,322	149,322	149,322
Payoff Year: 2024		Remaining Balance	1,757,688	1,634,270	1,508,994	1,381,831	1,252,754



Revenue Debt - continued

Drinking Water CT Piping Project:

This loan was executed in 2007 to finance improvements to the drinking water by increasing the chlorine contact time at the treatment facility. The interest rate on this loan is 1.5%; payoff is scheduled in 2026.

Drinking Water CT Piping Project			2011	2012	2013	2014	2015
Loan: State Revolving Fund (SRF)	226,220	Beginning Balance	190,502	178,595	166,689	154,783	142,876
	1.50%	Draw					
		Interest	2,858	2,679	2,500	2,322	2,143
Fund 401		Principal	11,906	11,906	11,906	11,906	11,906
Payoff Year: 2026		Total Payment per Year	14,764	14,585	14,407	14,228	14,049
Loan #05-96300-018		Remaining Balance	178,595	166,689	154,783	142,876	130,970

Bond Issues:

Public Works Shop Bond Redemption

A new Public Works Shop facility was built in 2002. The Public Works Shop Bond Redemption Fund was established to pay back the \$3,280,000 debt from bonds issued to finance construction of this facility and to purchase additional land for the Sewer utility. All bonds will be redeemed by 2021; interest is 3.75-5.10% (Average coupon).

Public Works Bldg. (429)			2011	2012
Bond Issue	3,280,000	Beginning Balance	2,390,000	2,220,000
BONY: NORWATSEW01	3.75-5.10%	Interest	7,820	
Parks (REET), Streets, Water,	Sewer = 27.35%	Principal	170,000	2,220,000
Sewer, Storm, SHOP (6-total)	Others = 14.53%	Total Payment per Year	177,820	2,220,000
Payoff Year: 2021		Remaining Balance	2,220,000	-

2006 Storm Drain (Priority 1)

\$1,500,000 worth of Bonds was issued in 2006 for construction of the Priority One Storm Drain Improvements. All bonds will be redeemed by 2026; interest is 4.45% (Average coupon).

2006 Storm Drain (Priority 1)			2011	2012	2013	2014	2015
Bond Issue	1,500,000	Beginning Balance	1,300,000	1,240,000	1,180,000	1,115,000	1,050,000
	4.45%	Interest	58,418	55,988	53,528	50,798	48,036
Fund 414-100-008	(AVG Coupon)	Principal	60,000	60,000	65,000	65,000	70,000
Payoff Year: 2026		Total Payment per Year	118,418	115,988	118,528	115,798	118,036
BONY:		Remaining Balance	1,240,000	1,180,000	1,115,000	1,050,000	980,000

2010 Water & Sewer Refunding

A refunding bond that combined two previous bonds, the 1997 Clarifier Bond and the Public Works Shop Bond, for a lower interest rate of 3.45%. The total bond is for \$2,890,000 and will be paid off in 2021.

2010 Water & Sewer Refunding			2011	2012	2013	2014	2015
Bond Issue	2,890,000	Beginning Balance	2,785,000	2,665,000	2,370,000	2,070,000	1,765,000
Parks (REET), Streets, Water,							
SEWER, Storm, SHOP (6-total)	3.45%	Interest	92,828	91,628	87,203	81,503	74,488
Payoff Year: 2021	Sewer = 43.91%	Principal	120,000	295,000	300,000	305,000	315,000
BONY:	Others = 11.22%	Total Payment per Year	212,828	386,628	387,203	386,503	389,488
		Remaining Balance	2,665,000	2,370,000	2,070,000	1,765,000	1,450,000



Photo by Sandy Horvath

Nothing contributes so much to tranquilize the mind as
a steady purpose—a point on which the soul may fix its
intellectual eye.

Mary Wollstonecraft Shelley



General Obligation (GO) Debt

GO debt is a bond issue or loan that rely on the full faith and credit of the City of North Bend for repayment; typically property taxes and all other taxes. For General Obligation debt, the City is restricted to a debt capacity of 2½% of the current assessed valuation. Of the 2½%, up to 1½% may be Councilmanic Bonds (passed by a vote of the Councilmembers) and the additional 1% must to be approved by the general public or the public can approve the entire 2½%.

	Non-voted 1½%	Voted 1%
City's Assessed Valuation for 2011: \$832,945,127		
City of North Bend's Debt Capacity - 2011	\$12,494,177	\$8,329,451
Present Outstanding GO Debt as of 1/1/2011	< \$270,662 >	< 0 >
Outstanding Capacity Available as of 12/31/2011	\$12,223,515	\$8,329,451

After the 2011 principal payments are applied, total outstanding General Obligation Debt will be \$2,547,924.

Public Works Trust Fund (PWTF) Loans

North Bend Way improvements:

This loan was issued in 1991 to finance the traffic islands and lane channelization project on North Bend Way. The interest rate on this loan is 3%; payoff is scheduled in 2011.

North Bend Way			2011
PWTF Road Improvement Loan	198,000	Beginning Balance	10,903
	3%	Draw	
Fund 240-42		Interest	327
		Principal	10,903
<i>Payoff Year: 2011</i>		Total Payment per Year	11,231
PW-5-91-280-042		Remaining Balance	(0)

North Bend Boulevard improvements:

This loan was issued in 1993 to finance sidewalk repairs and street resurfacing activities along North Bend Boulevard (now Bendigo Blvd). The interest rate on this loan is 1%; payoff is scheduled in 2013.

North Bend BLVD N/ Bendigo			2011	2012	2013
PWTF Road Improvement Loan	112,716	Beginning Balance	17,797	11,865	5,932
	1%	Interest	178	119	59
Fund 240-43		Principal	5,932	5,932	5,932
<i>Payoff Year: 2013</i>		Total Payment per Year	6,110	6,051	5,992
PW-5-93-280-029		Remaining Balance	11,865	5,932	0



General Obligation (GO) Debt - continued

Purchase Lease Contracts

The City has lease contracts for a Street Sweeper and three copiers (City Hall, Police Department & Public Works Shop). All of these lease contracts include provisions to own the leased equipment at the end of the lease term (see GO debt schedule for detail).

Dump Truck/Snowplow			2011	2012	2013
Purchase / Lease Contract	166,592	Beginning Balance	99,798	68,135	34,895
		Interest	4,970	3,393	1,738
Fund: 502		Principal	31,663	33,240	34,895
Payoff Year: 2013		Total Payment per Year	36,633	36,633	36,633
Key Bank		Remaining Balance	68,135	34,895	(0)

Canon Copier w/Color			2011
Purchase / Lease Contract	22,085	Beginning Balance	1,840
PW Shop		Interest	
Payoff Year: 2011 (May)		Principal	
Central Services		Total Payment per Year	1,840
Parks,Streets, Water,Sewer,Storm,Flood,Shop		Remaining Balance	0

Xerox 7665 Color Copier			2011	2012	2013
Purchase / Lease Contract	24,866	Beginning Balance	14,091	9,117	4,144
		Interest			
CEDD		Principal			
Payoff Year: 2013 (October)		Total Payment per Year	4,973	4,973	4,144
Building (40%) & Planning (60%)		Remaining Balance	9,117	4,144	-

Xerox 7665 Color Copier			2011	2012	2013	2014
Purchase / Lease Contract	24,866	Beginning Balance	15,748	10,775	5,802	829
		Interest				
City Hall		Principal				
Payoff Year: 2014 (March)		Total Payment per Year	4,973	4,973	4,973	829
Building (40%) & Planning (60%)		Remaining Balance	10,775	5,802	829	-

Xerox 7345 Color Copier			2011	2012
Purchase / Lease Contract	14,551	Beginning Balance	6,669	3,032
		Interest		
Police Department (50% Charged to King County)		Principal		
Payoff Year: 2012 (October)		Total Payment per Year	3,638	3,032
Law Enforcement (100%)		Remaining Balance	3,032	-



General Obligation (GO) Debt - continued

2010 LTGO

Refinancing of the Tollgate Bond and the Bank of America line of credit used for the purchase of property for the Downing Street Extension and Park & Ride Projects. The total LTGO Bond is for \$2,510,000 the interest rate is 3.56% and payoff is scheduled in 2030.

2010 LTGO			2011	2012	2013	2014	2015
Properties Purchase, Tollgate Refi	2,510,000	Beginning Balance	2,555,000	2,445,000	2,335,000	2,220,000	2,100,000
		Tollgate Non-Callable Interest	2,420				
Street & Sewer Prop, Tollgate Refi		Tollgate Non-Callable Principal	55,000				
3.56%		LTGO Tollgate Callable Interest	42,988	42,788	41,488	40,188	38,788
Fund 215		LTGO Tollgate Callable Principa	10,000	65,000	65,000	70,000	75,000
13%Sewer(402);87%REET/GF		LTGO Credit Line Interest	45,855	44,955	44,055	43,055	42,055
13%Sewer(402);87%REET/GF		LTGO Credit Line Principal	45,000	45,000	50,000	50,000	50,000
Payoff Year: 2030		Total Payment per Year	201,263	197,743	200,543	203,243	205,843
Refinanced BOA Credit Line & Tollgate Bd		Remaining Balance	2,445,000	2,335,000	2,220,000	2,100,000	1,975,000



Special Assessment Debt & Interfund Loans

SPECIAL ASSESSMENT DEBT

Bonds payable from the proceeds of Special Assessments - A compulsory levy made against certain properties to defray part or all of the costs of a specific improvement or service deemed to primarily benefit those properties.

LOCAL IMPROVEMENT DISTRICT (LID)

Guarantee Fund

A "Local Improvement District Guarantee Fund" is created in every city and town to guarantee the payment of local improvement bonds issued to pay for any local improvements, and require that cities and towns maintain funds in the account equal to any warrants issued against the account. To maintain the account, a city is required to provide a property levy of a sum sufficient to pay the warrants in a fiscal year. A "Local Improvement District Guarantee Fund" is a fund not to exceed 15 percent of the principal amount of the bonds, and is established to secure the payments on Local Improvement bonds.

Local Improvement District (LID) #6

A Bond Anticipation Note from Bank of America is the financing tool to be used in 2008, 2009 and 2010 by the City to pay for the construction of sewer collection and pumping stations and any other infrastructure necessary to extend the sewer system. The Local Improvement District #6 Bond Redemption Fund will track assessments to the property owners and payment of both interest and principal for the bonds issued by the City. The bonds will not be issued until the project is completed.

LIMITED IMPROVEMENT DISTRICTS (LID) #6			2011	2012	2013	2014	2015
Fund 451 Sewer Expansion/Tanner Annexation Payoff Year: 2030	17,000,000	Beginning Balance	17,000,000	16,409,938	15,798,158	15,163,860	14,506,216
		Draw					
	3.62%	Interest	625,714	603,996	581,478	558,132	533,926
		Principal	590,062	611,780	634,298	657,644	681,850
		Total Payment per Year	1,215,776	1,215,776	1,215,776	1,215,776	1,215,776
		Remaining Balance	16,409,938	15,798,158	15,163,860	14,506,216	13,824,366



Special Assessment Debt & Interfund Loans

INTERFUND LOANS

Interfund Loans are temporary borrowings of cash or other assets usually between two funds. Loan duration is no longer than three years and transactions do not affect the operating statements.

Equipment Reserve to Sewer		2011	2012	2013
502 to 405 Operating Capital	Beginning Balance	48,000	32,000	16,000
	0.26% Draw	-		
	Interest	123	82	41
	Principal	16,000	16,000	16,000
	Total Payment per Year	16,123	16,082	16,041
Payoff Year: 2013		Remaining Balance	32,000	16,000
				-



Photo by Tami Asars

Though we travel the world over to find the beautiful, we must
carry it with us or we find it not.
Ralph Waldo Emerson



2011 Capital Projects

Project Name	Total Budget	2011 Expenditures	Funding Source	Description
--------------	--------------	-------------------	----------------	-------------

Fund 310 (General Projects)

Tollgate Farmhouse Renovations	14,000	14,000	Grant/Park Improvement	Provide electrical line from updated transformer along SR 202 and install meter for future electrical connection.
ADA Curb Ramp Installation Downtown	214,610	214,610	State Funding (TIB) , Streets Capital	Install 11 ADA compliant curb ramps at corners without existing ramps, replace 19 non-compliant ADA curb ramps, and retrofit 10 ADA compliant ramps with epoxy coated truncated domes.
Boalch Trail	29,076	29,076	King County, Parks Improvement	Design and construction of Boalch Trail between Snoqualmie City Limits to Meadowbrook Farm Interpretive Center.

Municipal Projects Total \$ 228,610 \$ 228,610

Water

No Projects Planned				
---------------------	--	--	--	--

Water Total - -

Sewer

ULID No. 6	17,000,000	2,000,000	Property owners benefiting from the Utility Limited Improvement District	Construct collection infrastructure, pumping stations and any other infrastructure necessary to extend sewer service along North Bend Way to Edgewick Road.
------------	------------	-----------	--	---

Sewer Total 17,000,000 2,000,000

Storm

Pump Station by Senior Center	300,000	300,000	Storm Capital	Replace and upgrade existing pump station and outfall to the South Fork of the Snoqualmie River at the Senior Center.
-------------------------------	---------	---------	---------------	---

Storm Total 300,000 300,000

UTILITIES Capital Projects Total \$ 17,300,000 \$ 2,300,000



Photo by Matt N. Johnson

I invent nothing. I rediscover
Auguste Rodin



2011 Capital Projects

CIP Project Form 2011 Budget

CIP Program: Transportation

Project Name: 2011 Pavement Overlay

Department Lead : Ron Garrow

Total Project Cost: 100,000

Non City Revenue: -

Net City Cost: 100,000

Project Description and Justification:

Pavement Management Program - Overlay the following designated streets by contracting with King County Road Division:

City Funded Streets

Project Financial Summary

	2011 Budget	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast
Project Costs:					
Mgt & Eng					
Acquisition					
Construction	100,000				
Debt Service					
Total	100,000	-	-	-	-
Project Funding Sources:					
Federal Grants					
State Grants					
County Grants					
Developer Contributions					
City Contributions					
General Fund					
Street Fund	100,000				
Street Capital Fund					
Capital Improvement Fund					
Park Improvement Fund					
Water Capital Improvement Fund					
Sewer Capital Improvement Fund					
Storm Drainage Capital Improvement Fund					
Bond Proceeds					
Total	100,000	-	-	-	-



2011 Capital Projects

CIP Project Form 2011 Budget

CIP Program: Streets Capital Improvement

Project Name: ADA Curb Ramp Installation Downtown

Department Lead : Tom Mohr

Total Project Cost: 214,610

Non City Revenue: 182,419

Net City Cost: 32,191

Project Description and Justification:

Install 11 ADA compliant curb ramps at corners without existing ramps, replace 19 non-compliant ADA curb ramps, and retrofit 10 ADA compliant ramps with epoxy coated truncated domes.

Project Financial Summary

	Prior Years	2011 Budget	Total 2011-15	2011 Budget	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast
Project Costs:								
Mgt & Eng		14,610	14,610	14,610				
Acquisition			-					
Construction		200,000	200,000	200,000				
Debt Service			-					
Total	-	214,610	214,610	214,610	-	-	-	-
Project Funding Sources:								
Federal Grants			-					
State Grants		182,419	-					
Other Grants			-					
Developer Contributions			-					
City Contributions			-					
General Fund			-					
Street Fund			-					
Street Capital Fund		32,191	-					
Capital Improvement Fund			-					
Park Improvement Fund			-					
Water Capital Improvement Fund			-					
Sewer Capital Improvement Fund			-					
Storm Drainage Capital Improvement Fund			-					
Bond Proceeds			-					
Total	-	214,610	-	-	-	-	-	-



2011 Capital Projects

CIP Project Form 2011 Budget

CIP Program: Park Improvement

Project Name: Boalch Trail

Department Lead : Mike McCarty

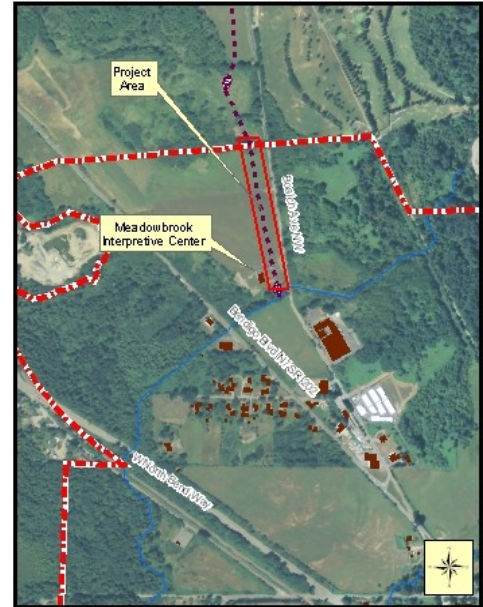
Total Project Cost: 36,000

Non City Revenue:

Net City Cost: 36,000

Project Description and Justification:

Design and construction of Boalch Trail between Snoqualmie City Limits to Meadowbrook Farm Interpretive Center.



Project Financial Summary

	Prior Years	2011 Budget	Total 2011-15	2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast
Project Costs:								
Mgt & Eng			-					
Acquisition			-					
Construction		29,076	36,000	29,076	6,924			
Debt Service			-					
Total	-	29,076	36,000	29,076	6,924	-	-	-
Project Funding Sources:								
Federal Grants			-					
State Grants			-					
Other Grants			-					
Developer Contributions			-					
City Contributions			-					
General Fund			-					
Street Fund			-					
Street Capital Fund			-					
Capital Improvement Fund			-					
Park Improvement Fund		29,076	-					
Water Capital Improvement Fund			-					
Sewer Capital Improvement Fund			-					
Storm Drainage Capital Improvement Fund			-					
Bond Proceeds			-					
Total	-	29,076	-	-	-	-	-	-



2011 Capital Projects

CIP Project Form 2011 Budget

CIP Program: Park Improvement

Project Name: Tollgate Farmhouse Renovation

Department Lead : Mike McCarty

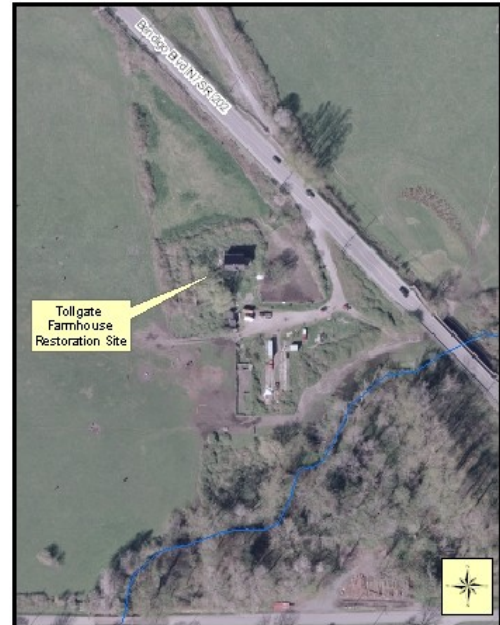
Total Project Cost: 14,000

Non City Revenue: 10,000

Net City Cost: 4,000

Project Description and Justification:

Provide an electrical line from an updated transformer along SR 202 and install a meter for future electrical connection.



Project Financial Summary

	Prior Years	2011 Budget	Total 2011-15	2011 Budgeted	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast
Project Costs:								
Mgt & Eng			-					
Acquisition			-					
Construction		14,000	14,000	14,000				
Debt Service			-					
Total	-	14,000	14,000	14,000	-	-	-	-
Project Funding Sources:								
Federal Grants			-					
State Grants			-					
County Grants		10,000	10,000					
Developer Contributions			-					
City Contributions								
General Fund			-					
Street Fund			-					
Street Capital Fund			-					
Capital Improvement Fund			-					
Park Improvement Fund		4,000	4,000					
Water Capital Improvement Fund			-					
Sewer Capital Improvement Fund			-					
Storm Drainage Capital Improvement Fund			-					
Bond Proceeds			-					
Total	-	14,000	14,000	-	-	-	-	-



2011 Capital Projects

CIP Project Form

2011 Budget

CIP Program: Sewer Capital Improvement

Project Name: ULID No. 6

Department Lead : Ron Garrow

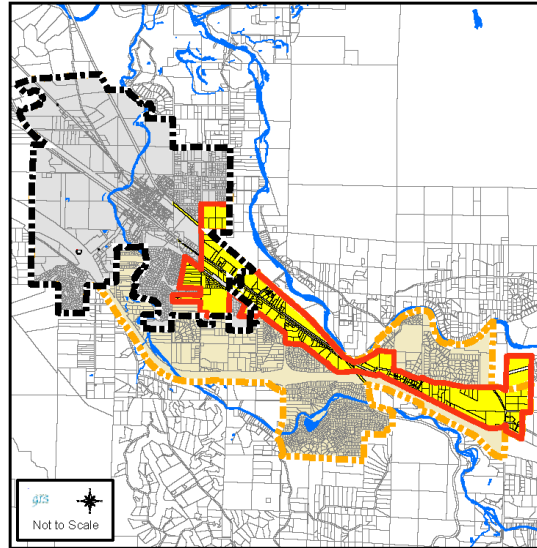
Total Project Cost: 17,000,000

Non City Revenue: -

Net City Cost: 17,000,000

Project Description and Justification:

Design and construct collection infrastructure, pumping stations and any other infrastructure necessary to extend sewer service along North Bend Way to Edgewick Road.



ULID No. 6 Sewer Project

■ ULID No. 6 Area --- ULID No. 6 Boundary
--- North Bend City Limits --- Urban Growth Area Limits

Project Financial Summary

	Prior Years	2011 Budget	Total 2008-13	2008 Actual	2009 Actual	2010 Actual	2011 Budget	2012 Forecast	2013 Forecast
Project Costs:									
Mgt & Eng	2,132,997		2,132,997	916,561	1,138,903	77,533			
Acquisition	200,000		200,000		116,089	83,911			
Construction	11,457,313	2,000,000	13,457,313		380,727	11,076,585	2,000,000		
Debt Service	776,683	1,189,959	1,966,642		365,000	411,683	1,189,959		
Total	14,566,993	3,189,959	17,756,952	916,561	2,000,719	11,649,712	3,189,959	-	-

Project Funding Sources:

Federal Grants		-							
State Grants		-							
County Grants		-							
Developer Contributions		-							
City Contributions		-							
General Fund		-							
Street Fund		-							
Street Capital Fund		-							
Capital Improvement Fund		-							
Park Improvement Fund		-							
Water Capital Improvement Fund		-							
Sewer Capital Improvement Fund		-							
Storm Drainage Capital Improvement Fund		-							
Bond Proceeds	17,000,000	-	17,000,000	10,000,000		7,000,000			
Total	17,000,000	-	17,000,000	10,000,000	-	7,000,000	-	-	-



2011 Capital Projects

CIP Project Form

2011 Budget

CIP Program: Storm Capital Improvement

Project Name: Pump Station by Senior Center

Department Lead : Ron Garrow

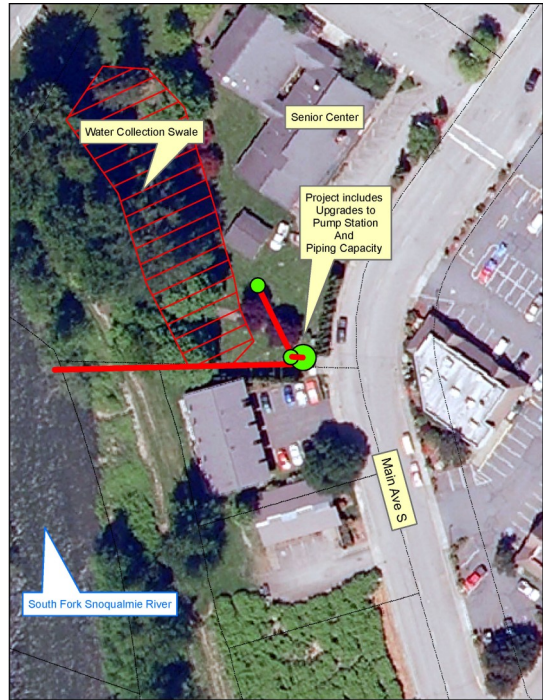
Total Project Cost: 300,000

Non City Revenue: -

Net City Cost: 300,000

Project Description and Justification:

Replace and upgrade the existing stormwater pump station and outfall to the South Fork of the Snoqualmie River at the Senior Center.



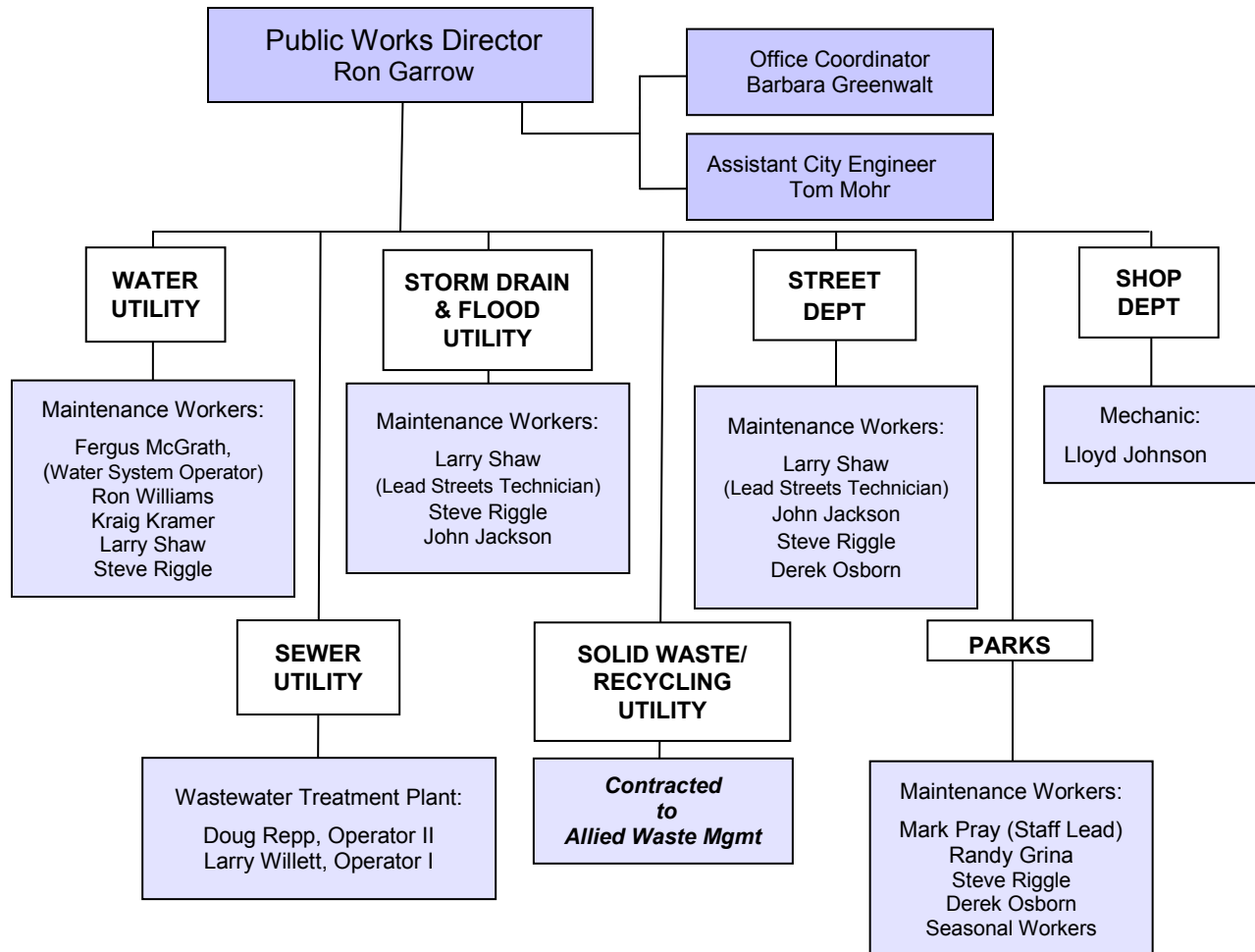
Project Financial Summary

	Prior Years	2011 Budget	Total 2011-15	2011 Actual	2012 Actual	2013 Budget	2014 Forecast	2015 Forecast
Project Costs:								
Mgt & Eng		35,000	35,000					
Acquisition								
Construction		265,000	265,000					
Debt Service								
Total	-	300,000	300,000	-	-	-	-	-
Project Funding Sources:								
Federal Grants			-					
State Grants			-					
County Grants			-					
Developer Contributions			-					
City Contributions			-					
General Fund			-					
Street Fund			-					
Street Capital Fund			-					
Capital Improvement Fund			-					
Park Improvement Fund			-					
Water Capital Improvement Fund			-					
Sewer Capital Improvement Fund			-					
Storm Drainage Capital Improvement Fund		300,000						
Bond Proceeds								
Total	-	300,000	-	-	-	-	-	-



Public Works Organizational Chart

Utilities, Street & Maintenance Shop Departments



Regulatory Functions

- Engineering plan review (site plans, subdivisions)
- Developer extension agreements
- Clearing and grading permits
- Storm and drain permits
- Street use permits
- Water and sewer permits
- R/W & on-site civil inspections

Other Functions

- Capital project management
- Sewer/water availability certificates
- Utility franchise coordination
- Infrastructure planning (flood, sewer, storm, transportation, water)



Water Utility

Utility Functions

- Provide safe drinking water to customers
- Operate and maintain water source, pumping facilities, transmission and distribution system, and storage tanks
- Ensure water is readily available for fire suppression
- Bill and collect charges for service through the finance department

2011 Water Rates							
Ordinance #1245	Monthly Water Base Charge				Water Volume Charge		
March 1, 2006	3/4" meter	1" meter	1.5" meter	2" meter	Block 1	Block 2	Block 3
Inside City Customers					0 - 20 cm	21 - 30 cm	30 + cm
Single Family Residential	\$10.30	\$23.29	\$44.93	\$70.90	\$0.98	\$1.29	\$1.58
Senior / Disabled *	\$5.16	\$11.64	\$22.47	\$35.46	\$0.49	\$0.65	\$0.78
Multi Family Residential (base rate charged per unit)	\$8.00	\$16.86	\$31.60	\$49.27	\$1.34	\$1.34	\$1.34
Commercial (base rate charged per unit)	\$15.21	\$35.57	\$69.46	\$110.15	\$1.09	\$1.09	\$1.09
					0 - 85 cm	85 + cm	
Irrigation	\$2.43	\$3.57	\$5.47	\$7.75	\$1.09	\$1.61	
Outside City Customers					0 - 20 cm	21 - 30 cm	30 + cm
Single Family Residential	\$17.02	\$38.44	\$74.14	\$116.98	\$1.61	\$2.14	\$2.61
Multi Family Residential (base rate charged per unit)	\$13.22	\$27.81	\$52.12	\$81.31	\$2.21	\$2.21	\$2.21
Commercial (base rate charged per unit)	\$25.12	\$58.67	\$114.63	\$181.76	\$1.79	\$1.79	\$1.79

2010 Water Department Highlights

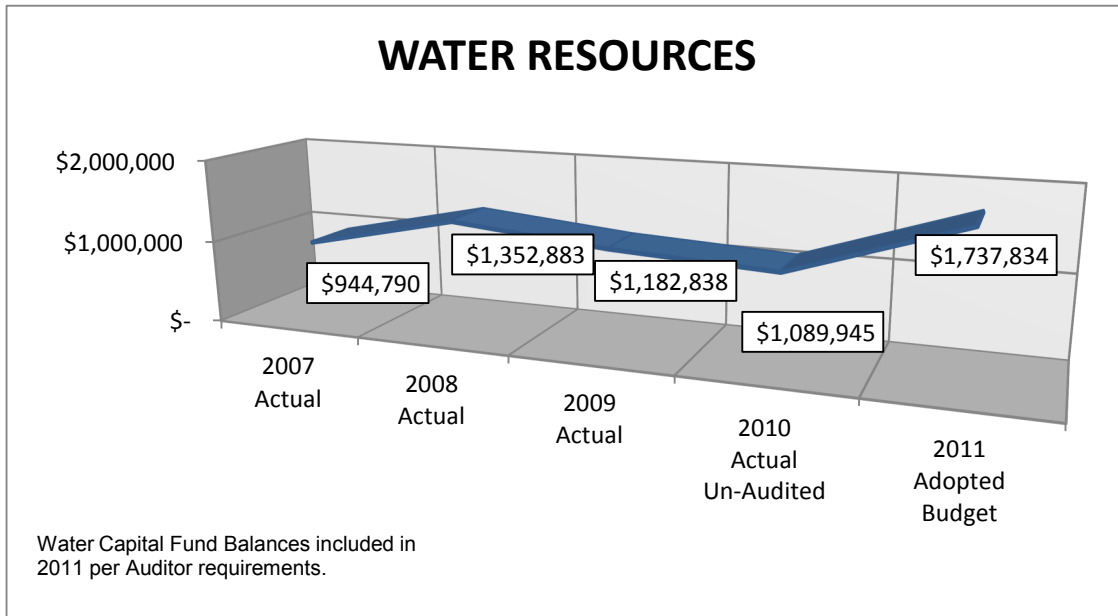
Goal: Implement a leak detection program.

Result: The detection program identified 15 leaks and will save the City 41 gallons of water per minute or 21.6 million gallons per year.

Water Department Staff			%FTE
Public Works Director.....	Ron Garrow.....		16%
Assistant City Engineer	Tom Mohr.....		10%
Public Works Office Coordinator	Barbara Greenwalt.....		17%
Lead Water System Operator	Fergus McGrath.....		96%
Maintenance Worker	Ron Williams.....		96%
Maintenance Worker	Kraig Kramer.....		94%
Lead Streets Technician	Larry Shaw.....		4%
Maintenance Worker	Steve Riggle.....		5%



Water Utility



2011 Resources By Category	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	214,520	155,275	680,114	338%
Grants & PWTF Loan	5,833	0	0	N/A
Licenses & Permits	506	112	776	593%
Charges for Services	946,912	933,955	1,054,944	13%
Interest & Misc. Revenue	15,066	602	2,000	232%
Capital Revenue	0	0	0	N/A
Total Resources	1,182,838	1,089,945	1,737,834	59%

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	483,582	459,015	465,896	1%
Overhead	279,342	312,949	301,694	-4%
Source Development Projects	64,424	22,246	-	-100%
Mitigation Water Purchase	83,586	67,103	85,000	27%
Debt	84,333	98,081	92,475	-6%
Water Comp Plan	28,175	8,295	-	-100%
Equipment Trailer	-	-	-	N/A
GIS Plotter/Scanner & Copier Lease	4,123	4,607	653	-86%
Capital Expenditures	-	-	170,501	N/A
Ending Fund Balance	155,275	117,649	621,615	428%
Total Appropriated	1,182,838	1,089,945	1,737,834	59%



Sewer Utility

Utility Functions

- Operate and maintain wastewater collection and conveyance system
- Comply with Department of Ecology water quality standards
- Operate and maintain wastewater treatment plant and discharge facilities
- Bill and collect charges for service through the finance department

2011 Sewer Rates		
Ordinance #1245 March 1, 2006	Monthly Sewer Base Charge	Sewer Volume Charge (per cubic meter of water usage over the first ten CM)
Single Family Residential	\$49.31	\$0.51
Senior / Disabled	\$22.63	\$0.00
Multi Family Residential (base rate charged per unit)	\$49.31	\$0.51
Commercial/Inside City (base rate charged per unit)	\$49.31	\$1.88
Commercial/Outside City & all other users (base rate charged per unit)	\$75.71	\$2.32 (per cm)

2010 Sewer Department Highlights

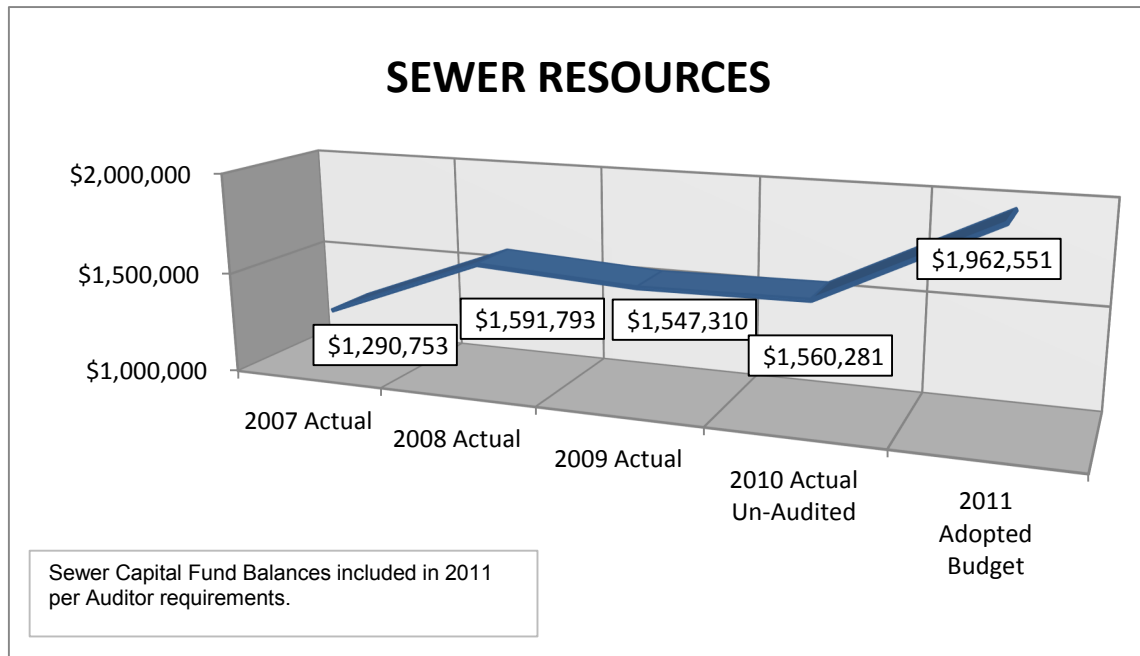
Goal: 90% completion of the pipeline phase of the ULID No. 6 Project.

Result: The remaining 10% of the ULID No. 6 piping project is scheduled to be complete by mid-year 2011.

Sewer Department Staff		
		%FTE
Public Works Director.....	Ron Garrow.....	16%
Assistant City Engineer	Tom Mohr.....	10%
Public Works Office Coordinator	Barbara Greenwalt.....	17%
Wastewater Treatment Plant Operator II	Doug Repp.....	100%
Wastewater Treatment Plant Operator I	Larry Willett	100%



Sewer Utility



2011 Resources By Category	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	3,294	61,060	479,622	685%
Charges for Services	1,381,741	1,481,171	1,480,929	0%
Septic Waste Disposal Service	2,167	16,640	0	-100%
YAC Property Insurance Recovery	132,911	0	0	N/A
Interest & Misc. Revenue	27,197	1,411	2,000	42%
Capital Revenue	0	0	0	N/A
Total Resources	1,547,310	1,560,281	1,962,551	26%

Expenditures	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	320,280	347,819	352,213	1%
Overhead	400,691	378,486	401,884	6%
Debt	601,084	620,501	493,621	-20%
GIS Plotter/Scanner & Copier Lease	4,123	4,607	653	-86%
Equipment Trailer	0	0	0	N/A
YAC Settlement	21,500	0	0	N/A
Tr to Storm Capital	138,572	0	0	N/A
Capital Expenditures	0	0	0	N/A
Ending Fund Balance	61,060	208,867	714,180	242%
Total Appropriated	1,547,310	1,560,281	1,962,551	26%



Storm Drain Utility

In 2001, the City of North Bend adopted a Storm Water Management Plan. This planning effort resulted in the development of a storm water utility, responsible for maintaining current storm drains and the construction of additional drains, where necessary, to handle excess surface water during storm events. The utility is funded by a rate structure, which began in June 2001, and was added to the City utility bill; the monthly fee is \$9.86 per month for storm drain for an individual residence.

Utility Functions

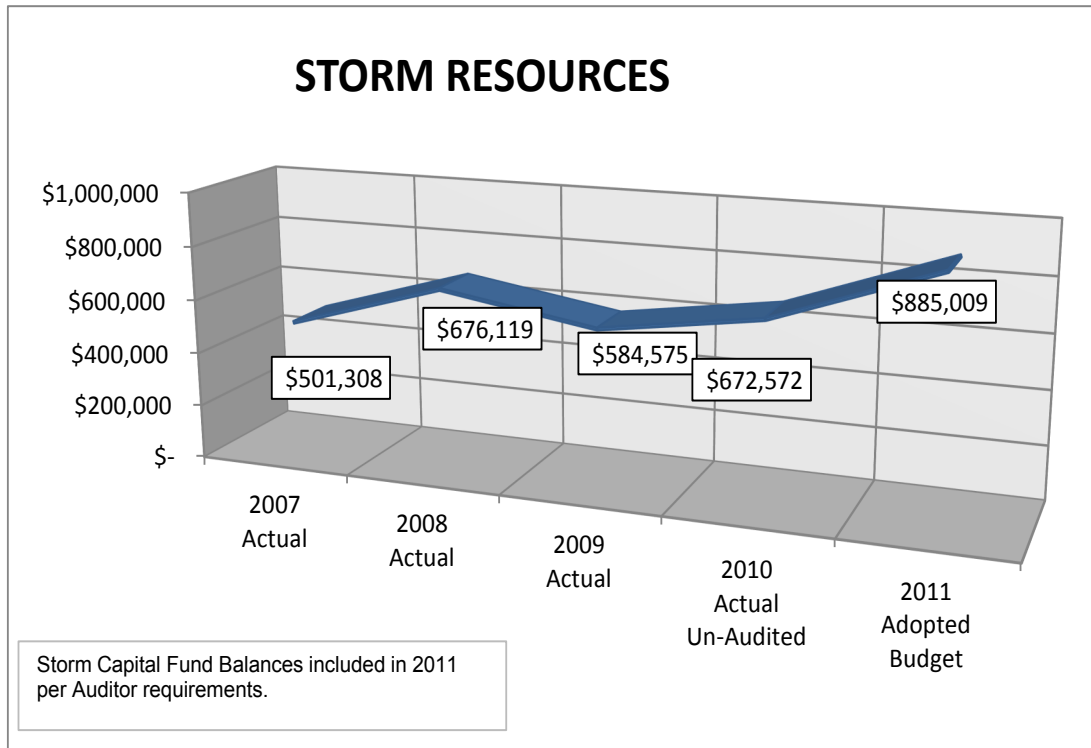
Operate and maintain a stormwater collection and conveyance system
 Protect the environment with spill control and treatment facilities
 Bill and collect charges for service through the Finance Department

2011 Storm Drain & Flood Rates		
Ordinance #1117 May 1, 2001	Monthly Storm Drain/Flood Utility**	
	Storm Drain \$9.86 Flat Fee	Flood Management \$2.50 Flat Fee

Storm Drain Department Staff		
		%FTE
Public Works Director.....	Ron Garrow.....	16%
Assistant City Engineer	Tom Mohr.....	20%
Public Works Office Coordinator	Barbara Greenwalt	7.5%
Lead Streets Technician	Larry Shaw	49%
Maintenance Worker	Steve Riggle.....	22.5%
Maintenance Worker	John Jackson	49%



Storm Drain Utility



2011 Resources By Category	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	105,189	56,875	248,109	336%
Charges for Services	471,991	615,178	635,900	3%
Interest & Misc. Revenue	7,395	520	1,000	92%
Capital Revenue	0	0	0	N/A
Total Resources	584,575	672,572	885,009	32%

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	196,960	204,325	234,052	15%
Overhead	97,445	130,288	122,486	-6%
Debt	166,156	170,564	144,222	-15%
IF Loan	35,796	68,309	0	-100%
GIS Plotter/Scanner & Copier Lease	3,389	3,614	307	-92%
Streets/Storm Maintenance Truck	0	0	0	N/A
Equipment Trailer	0	0	0	N/A
Transfer to Storm Capital	27,954	0	0	N/A
Capital Expenditures	0	0	0	N/A
Ending Fund Balance	56,875	95,474	383,942	302%
Total Appropriated	584,575	672,572	885,009	32%



Flood Utility

In 2001, the City of North Bend adopted a Storm Water Management Plan. This planning effort resulted in the development of a storm water utility, as part of the storm water utility the flood utility is responsible for maintaining current storm drains and the construction of additional drains, where necessary, to handle excess surface water during storm events. The utility is funded by a rate structure, which began in June 2001, and was added to the City utility bill; the monthly fee is \$2.50 per month for flood management for an individual residence.

Utility Functions

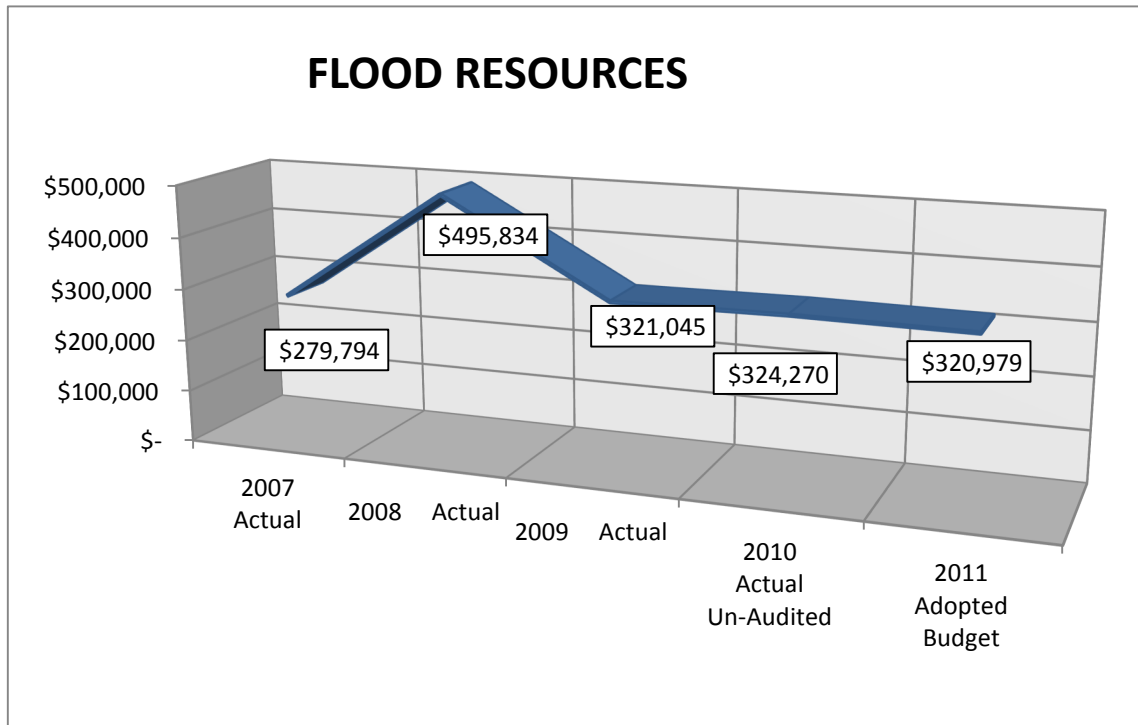
Operate and maintain programs to address drainage and flooding problems
Bill and collect charges for service through the Finance Department

2011 Storm Drain & Flood Rates		
Ordinance #1117 May 1, 2001	Monthly Storm Drain/Flood Utility**	
	Storm Drain \$9.86 Flat Fee	Flood Management \$2.50 Flat Fee

Flood Department Staff		
		%FTE
Public Works Director.....	Ron Garrow.....	10%
Assistant City Engineer	Tom Mohr.....	10%
Public Works Office Coordinator	Barbara Greenwalt.....	7.5%



Flood Utility



2011 Resources By Category	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	67,268	167,037	162,329	-3%
Licenses & Permits	1,332	1,270	500	-61%
Charges for Services	118,694	155,353	157,150	1%
Interest & Misc. Revenue	133,751	609	1,000	64%
Total Resources	321,045	324,270	320,979	-1%

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	59,985	56,869	61,787	9%
Overhead	93,290	13,799	13,189	-4%
Debt	734	984	307	-69%
Ending Fund Balance	167,037	252,618	245,696	-3%
Total Appropriated	321,045	324,270	320,979	-1%



Solid Waste & Recycling Utility

The City of North Bend contracts with Allied Waste Services to provide the following functions:

- Solid waste collection services within the City limits
- Curbside recycling services
- Curbside yard waste recycling services

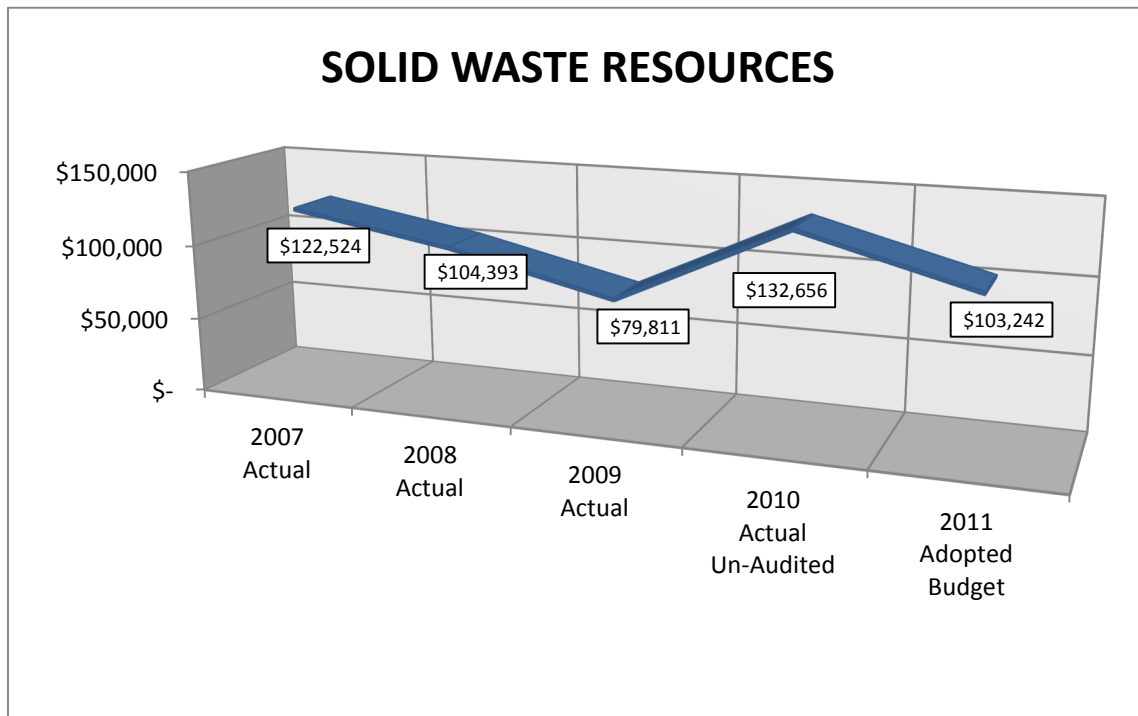
Also, the City provides a seasonal yard waste recycling station at the Public Works Shop every Saturday starting in May and ending in October.

Solid Waste & Recycling Department Staff

	%FTE
Public Works Director.....Ron Garrow.....	1%



Solid Waste & Recycling Utility



2011 Resources By Category	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	43,654	5,790	25,347	338%
Charges for Services (Net)	1,888	7,727	51,316	564%
Grant Revenues	33,608	31,430	26,529	-16%
IF Loan from GF	0	40,000	0	-100%
IF Loan from Equip Reserve	0	40,000	0	-100%
Tr from GF	0	7,696	0	-100%
Interest & Misc. Revenue	661	13	50	282%
Total Resources	79,811	132,656	103,242	-22%

Description	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	12,199	12,135	11,612	-4%
Yard Waste Collection	16,920	14,020	15,000	7%
Recycling Activity	19,949	26,009	24,250	-7%
City's Overhead	24,953	35,059	0	-100%
IF Loan Payment	0	40,907	13,436	
Ending Fund Balance	5,790	4,526	38,944	760%
Total Appropriated	79,811	132,656	103,242	-22%



Photo by Mary Miller

Spring is nature's way of saying "Let's party!!"
Robin Williams



Utilities' Capital Projects

Project Name	Total Budget	2011 Expenditures	Funding Source	Description
Water				
No Projects Planned				
<i>Water Total</i>	-	-		
Sewer				
ULID No. 6	17,000,000	2,000,000	Property owners benefiting from the Utility Limited Improvement District	Construct collection infrastructure, pumping stations and any other infrastructure necessary to extend sewer service along North Bend Way to Edgewick Road.
<i>Sewer Total</i>	17,000,000	2,000,000		
Storm				
Pump Station by Senior Center	300,000	300,000	Storm Capital	Replace and upgrade existing pump station and outfall to the South Fork of the Snoqualmie River at the Senior Center.
<i>Storm Total</i>	300,000	300,000		
UTILITIES Capital Projects Total	\$ 17,300,000	\$ 2,300,000		



Equipment Operating Fund (Shop)

Shop Department Functions

- Properly maintain all city equipment
- Purchase replacement equipment when necessary
- Provide repair services to City buildings

Shop Department Staff

		%FTE
Public Works Director	Ron Garrow	5%
Public Works Office Coordinator	Barbara Greenwalt	17%
Mechanic	Lloyd Johnson	98%



Equipment Operating Fund (Shop)

Through the City's Equipment Operating and Reserve Fund, the City maintains equipment and saves to replace current equipment to equalize equipment expenditures from year to year.

The organization chart and function description for the Shop is within the Public Works Department.

Equipment Operating

Shop Operating: Resources	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Miscellaneous Revenue	0	30	0	-100%
Transfers In From Participating Funds	281,726	304,071	296,310	-3%
Total	281,726	304,101	296,310	-3%

Shop Operating: Expenditures	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	103,559	102,858	108,326	5%
Overhead	134,511	143,355	138,186	-4%
Debt	43,656	57,888	49,798	-14%
Equipment Trailer	0	0	0	N/A
Total	281,726	304,101	296,310	-3%

Equipment Reserve

Equipment Reserve Fund: Resources	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	39,448	101,253	263,469	160%
Interest	0	4,516	103	-98%
Transfers In	0	41,007	40,589	-1%
Insurance Recovery	0	7,744	0	-100%
Interfund Loan Receipt	98,439	183,334	13,333	-93%
Total Resources	137,887	337,854	317,494	-6%

Equipment Reserve Fund: Expenditures	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Equipment Replacements	0	10,606	0	-100%
Debt	36,633	36,633	36,635	0%
Interfund Loan to Solid Waste	0	40,000	0	-100%
Ending Fund Balance	101,254	250,615	280,859	12%
Total Appropriated	137,887	337,854	317,494	-6%



Technology Operating Fund Administered by the Finance Department

Through the city's Equipment Rental and Reserve Fund the City maintains technology equipment and saves money to replace current equipment, which equalizes technology expenditures from year to year.

Technology Services

- Maintain wide & local area networks
- E-Mail setup and maintenance
- Website development & management
- Hardware and software purchasing
- Long-term planning for system upgrades
- Centralized training for systems operation
- Employee/user support "Help-Desks"
- Centralized technology vendor contacts
- Maintain City's cable broadcasting station

2010 Technology Department Highlights

Goal: Install new E-mail, Domain and SQL Servers.

Result: The servers were installed which improved efficiencies, reduced downtime, and augmented record keeping requirements. The new servers enable internal e-mails to now be 98% faster, centralized e-mail services for records requests and decreased report generation time from financial software by 50%.

Technology Department Staff

Technology Director	Maryann Nelson
City-Wide Technology Coordinator	Stan Lewis
Help Desk - Public Works	Larry Shaw



Technology Operating Fund

Technology Operating

Technology: Operating Resources	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	298	0	0	N/A
Miscellaneous Revenue	0	41	0	-100%
Transfers In	136,347	157,952	125,834	-20%
Total	136,645	157,992	125,834	-20%

Technology: Operating Expenditures	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Personnel	52,729	51,603	53,464	4%
Overhead	83,916	106,389	72,370	-32%
Ending Fund Balance	0	0	0	N/A
Total	136,645	157,992	125,834	-20%

Technology Reserve

Technology Reserve Fund: Resources	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Beginning Balance	18,973	42,129	56,480	34%
Interest				N/A
Transfers In	38,927	36,696	23,242	-37%
Total Resources	57,900	78,825	79,722	1%

Technology Reserve Fund: Expenditures	2009 Actual	2010 Actual Un-Audited	2011 Adopted	Variance 10-11%
Equipment Replacements	15,771	47,095	18,055	-62%
Ending Fund Balance	42,129	31,730	61,667	94%
Total Appropriated	57,900	78,825	79,722	1%



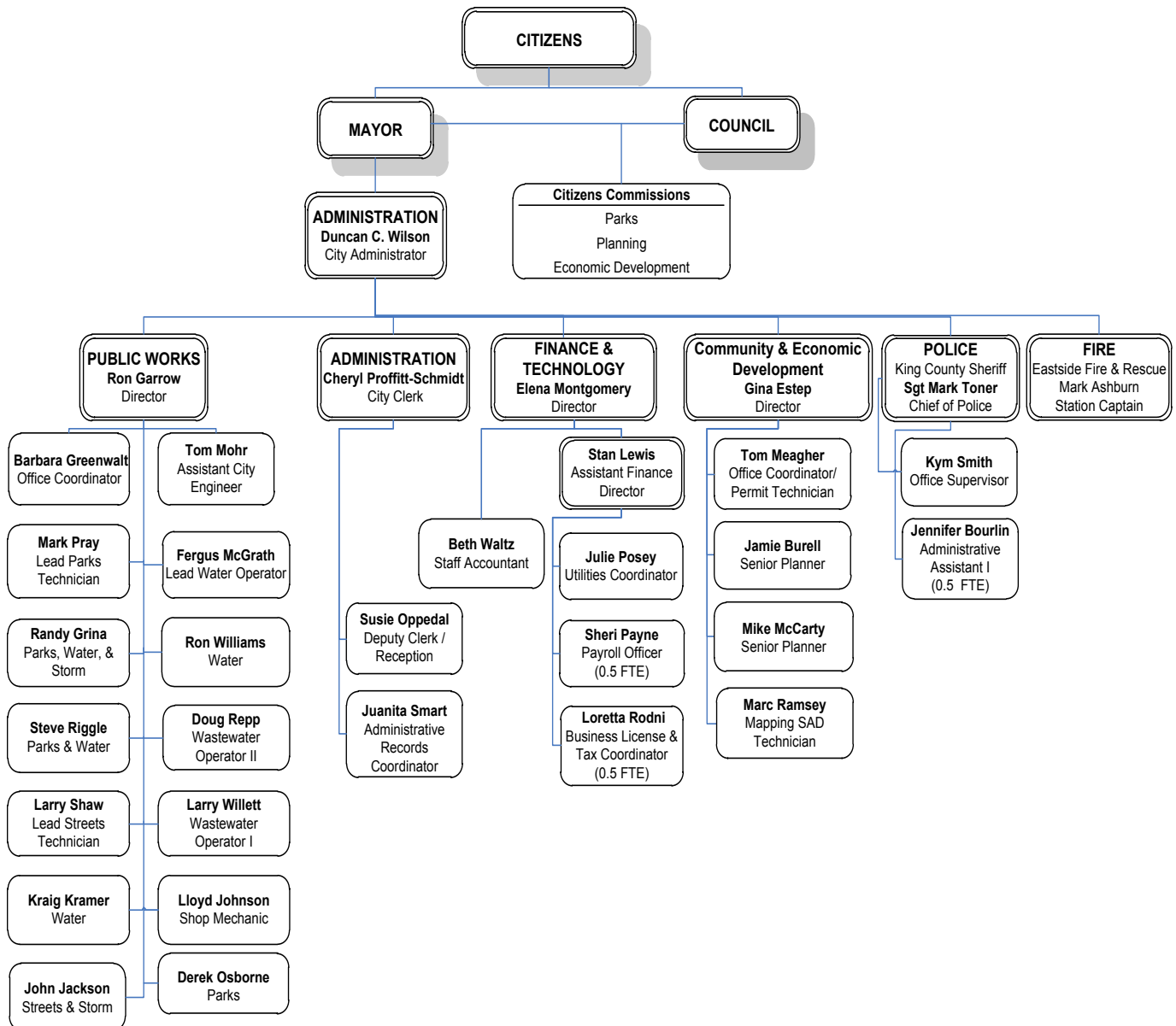
A truly American sentiment recognizes the dignity of labor and the
fact that honor lies in honest toil.
Grover Cleveland



**Employee of the Year
Tom Mohr - Assistant City Engineer**



Citywide Organizational Chart





Staff Directory



Duncan C. Wilson – City Administrator

Administrative Department



Cheryl Proffitt-Schmidt
City Clerk



Susie Oppedal
Deputy City Clerk



Juanita Smart
Administrative Records
Management



Maryann Nelson
Finance Director



Stan Lewis
Assistant Finance Director



Beth Waltz
Staff Accountant

Finance Department



Sheri Payne
Payroll Officer



Julie Posey
Utilities Coordinator



Loretta Rodni
Business License &
Tax Coordinator



Staff Directory



Sgt. Mark Toner
Chief of Police



Kym Smith
Police
Office Supervisor



Jennifer Bourlin
Police
Office Assistant

Public Safety



Mark Ashburn
Fire Station Captain

Community & Economic Development Services



Gina Estep
Community & Econom-
ic Development Direc-
tor



Tom Meagher
Office Coordinator
Permit Technician



Marc Ramsey
Mapping CAD Technician



Jamie Burrell
Senior Planner



Mike McCarty
Senior Planner



Staff Directory



Ron Garrow
Public Works Director



Tom Mohr
Assistant City Engineer



Barbara Greenwalt
Public Works
Coordinator

Public Works Administration

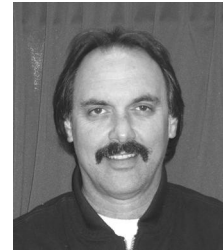
Parks Department



Mark Pray
Parks - Lead



Randy Grina
Maintenance
(Journey)



Steve Riggle
Maintenance
(Journey)



Derek Osborn
Maintenance
(Journey)



Larry Shaw
Streets—Lead



John Jackson
Maintenance
(Journey)

Streets/Storm Department



Staff Directory

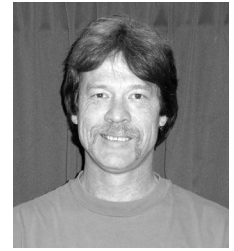
Water Department



Fergus McGrath
Water System
Operator - Lead



Ron Williams
Maintenance
(Journey)



Kraig Kramer
Maintenance
(Journey)



Doug Repp
Wastewater Operator II



Larry Willett
Wastewater Operator I

Sewer Department

Shop



Lloyd Johnson
Mechanic



Personnel History

DEPARTMENTS	2007	2008	2009	2010	2011
Administration	2.00	2.00	2.00	2.70	2.70
City Administrator	1.00	1.00	1.00	1.00	1.00
Community & Economic Development Services					
Director	1.00	1.00	1.00	1.00	1.00
Building	1.00	1.00	1.00	1.00	1.00
Planning	1.00	1.00	1.50	1.50	1.50
Support Staff	1.00	1.00	1.00	1.00	1.00
GIS Staff	1.00	1.00	1.00	1.00	1.00
Finance & Technology	4.20	4.00	4.00	4.00	4.10
Director	1.00	1.00	1.00	1.00	1.00
Police Administration	1.50	1.50	1.50	1.50	1.50
Public Works					
Director	1.00	1.00	1.00	1.00	1.00
Public Works Field Supervisor	1.00	1.00	1.00	0.00	0.00
Assistant City Engineer	1.00	1.00	1.00	1.00	1.00
Public Works Office Coordinator	1.00	1.00	1.00	1.00	1.00
Water	2.00	3.00	3.00	3.00	3.00
Sewer	2.00	2.00	2.00	2.00	2.00
Storm Drainage	1.00	1.00	1.00	1.00	1.00
Streets	1.00	1.00	1.00	2.00	2.00
Parks	3.00	4.00	5.00	4.00	3.00
Parks: <i>Seasonal</i>	2.00	2.00	1.50	1.50	0.00
Shop	1.00	1.00	1.00	1.00	1.00
TOTAL	30.70	32.50	33.50	33.20	30.80



Photo by Matt N. Johnson

I can't change the direction of the wind, but I can adjust my sails
to always reach my destination.
Jimmy Dean



2011 Budget as adopted by Ordinance 1415
(Dec. 7, 2010) and Ordinance 1418 (Feb. 1, 2011)

Fund Name	Fund #	Estimated Revenues	Estimated Expenses
General Fund	1	\$5,821,309	\$5,821,309
Streets Operations	101	592,821	592,821
Capital Streets	102	197,671	197,671
Impact Fees	106	37,366	37,366
Economic Development	108	63,454	63,454
Contingency	109	3,340	3,340
Capital Improvement (REET)	110	177,423	177,423
Park Capital Improvement	116	29,076	29,076
Development Projects	125	155,000	155,000
LID #5 Bond Redemption	211	46,765	46,765
2010 LTGO Debt Service	215	202,263	202,263
Public Works Trust Fund Debt Service	240	17,370	17,370
Municipal Projects	310	343,466	343,466
Water Operations & Capital	401	1,737,834	1,737,834
Sewer Operation & Capital	402	1,962,551	1,962,551
Storm Drainage & Flood Operations & Capital	404	1,205,988	1,205,988
Solid Waste and Recycling Operations	405	103,242	103,242
1997 Clarifier Bond Redemption	427	118,800	118,800
Revenue Bonds Reserve	428	438,918	438,918
Public Works Shop Bond Redemption	429	178,420	178,420
Storm Priority 1 Bond Redemption	430	119,018	119,018
2010 Water & Sewer Bond Refunding	431	213,428	213,428
ULID #6 Sewer Project	450	3,189,959	3,189,959
ULID #6 Bond Redemption	451	1,189,959	1,189,959
Equipment & Technology Operating	501	422,144	422,144
Equipment & Technology Reserve	502	397,216	397,216
LID Guaranty	621	46,000	46,000
TOTALS		\$19,010,801	\$19,010,801



Photo by Michael McDevitt

Out of every fruition of success, no matter what, comes forth
something to make a new effort necessary.

Walt Whitman



2011 Budget Ordinance: Salary Schedule

Position	Monthly Salary Range		Employees
	From	To	
Mayor and Council			
Mayor	\$ 2,000	N/A	Official
Council Member	400	N/A	Official
Management (Exempt)			
City Administrator	\$ 8,234	\$ 10,018	1
Public Works Director	7,136	8,684	1
Finance Director	6,861	8,346	1
Community & Economic Dev. Director	6,269	7,624	1
Assistant City Engineer	6,178	7,516	1
Assistant Finance Director	5,268	6,563	1
Building Official	4,987	6,106	1
City Clerk	4,773	5,807	1
Public Works Bargaining Unit			
Wastewater Operator II	4,635	5,475	1
Lead Water System Operator	4,532	5,270	1
Lead Parks Technician	4,387	5,125	1
Lead Streets Technician	4,387	5,125	1
Wastewater Operator I	4,297	5,080	1
Mechanic	3,910	4,823	1
Maintenance (Journey)	3,882	4,590	6
Maintenance (Entry)	3,304	3,542	0
Maintenance (Seasonal-3 Positions)	12/hr	15/hr	0
Professional, Technical, Clerical Bargaining Unit			
Senior Planner	5,223	6,354	1.5
Staff Accountant	4,696	5,714	1
Police Office Supervisor	4,116	5,110	1
Payroll Officer	4,116	5,110	0.6
Mapping CAD Technician	3,938	5,024	1
Utilities Coordinator	3,974	4,836	1
Deputy Clerk	3,974	4,836	1
Business License & Tax Coordinator	3,974	4,836	0.5
Public Works Office Coordinator	3,713	4,739	1
Office Coordinator / Permit Technician	3,713	4,739	1
Administrative Assistant I	3,142	3,900	1.2
Total FTEs			30.8



The Budget Document

Authority and Guideline for Spending Public Funds

The budget is the legal authority to obligate public funds. It also provides policy direction by the City Council to the staff and community as well as a financial plan for the current year.

Preparation of the annual budget involves every City official and employee. Each member of the City team has the opportunity and responsibility to contribute suggestions for projects and processes that would improve the City or use the City's resources more efficiently. Budget preparation is difficult, time consuming and frustrating, yet valuable and rewarding. The end result is a collaborative, comprehensive set of plans and directives for the management of a large and diverse entity's activities and resources for the coming year and beyond. The budget provides four functions:

1. **The budget as a policy document:** Decisions made during the budget process and documented herein reflect the general principles or plans that guide the actions taken for the future. As a policy document, the budget makes specific attempts to link desired goals and policy direction to the actual day-to-day activities of the City staff.
2. **The budget as a financial plan:** Financial planning is the most basic aspect of the budget process and is a requirement of state law. The budget must be adopted as a balanced budget and must be in place prior to the expenditure of any City funds. The budget is the legal authority to expend public monies, and controls those expenditures by limiting the amount of the appropriation at the fund level. Revenues and beginning cash balances are estimated to determine the resources available in each fund. Council and staff expenditure requests, other commitments such as debt service requirements, and desired ending cash reserves are balanced against available resources to determine department and fund appropriations.
3. **The budget as an operational guide:** The functions and/or goals of each department and fund are described in the following sections, along with the objectives planned for the current year to perform those functions and meet those goals. The expenditures are then summarized by department, fund and for the City as a whole. This process assists in maintaining an understanding of the various operations of the city and how they relate to each other and to the attainment of the policy issues and goals of the City Council.
4. **The budget as a communication device:** The budget provides a unique opportunity to allow and encourage public review of City operations. The budget document describes the activities of the City, the reason or cause for those activities and future implications. The budget process invites individual citizens to provide direct input to the budget. Citizens are always welcome to discuss problems, desires and opportunities with the Mayor, City Council and staff. These discussions frequently lead to budget objectives. Additionally, the City holds a public hearing on the budget where the public is formally invited to participate in the budget process.



The Budget Document

Authority and Guideline for Spending Public Funds

Basis of the Budget

The budget is prepared on the cash basis of accounting: 1. Revenues are recognized when they are collected and 2. Expenditures are recognized when payment is made.

The annual financial report of the City is prepared on the same basis for all fund types (the General Fund, Special Revenue funds, Debt Service funds, and Proprietary funds). The budget can be directly compared to the operating reports in the annual financial report for all funds.

The basis for budgeting is consistent with state law and is practical both for preparing and managing the budget. The basis for reporting, although not consistent with Generally Accepted Accounting Principles (GAAP), is acceptable for Cash Basis cities in the State of Washington.

Amending the budget

The City Administrator, Finance Director, or Mayor is authorized to transfer budget amounts between categories within funds or General Fund departments. However, any revisions that alter the total expenditures of a fund, or affect the number of authorized employee positions, salary ranges, hours or other conditions of employment, must be approved by the City Council. When the City Council determines that it is in the best interest of the city to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority of the City Council after holding a public hearing.



Financial Policies

Background and Purpose

The stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of North Bend. Therefore, the establishment and maintenance of wise fiscal policies enables City officials to protect public interests and ensure public trust.

This document incorporates past financial practices in defining the current policies to be used by the City to meet its obligations and operate in a financially prudent manner. These policies have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs.

Operating Budget Policies

The Municipal Budget is the central financial planning document that embodies all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department within the confines of anticipated municipal revenues.

- The City Council will establish municipal service levels and priorities for the ensuing year prior to and during the development of the preliminary budget.
- The City Mayor shall incorporate the Council's priorities in the formulation of the preliminary and final budget proposal.
- Adequate maintenance and replacement of the City's facilities, buildings, technology and equipment will be provided for in the annual budget.
- The current fiscal year budget shall be balanced with current year resources and any other resources available from previous years provided that adopted levels of reserve funds are not included in the available resources from prior years.

Revenue and Expenditure Policies

Annual revenues are conservatively estimated as a basis for preparation of the annual budget and City service programs.

Expenditures approved by the City Council in the annual budget define the City's spending limits for the upcoming fiscal year. Beyond the requirements of law, the City will maintain an operating philosophy of cost control and responsible financial management.

- The City will maintain revenue and expenditure categories according to state statute and administrative regulation.
- Current revenues should be sufficient to support current expenditures. In the event that a fund has a shortfall of revenues, resources from previous years may be used provided that adopted reserve levels for the fund are not utilized.



Financial Policies - continued

- All revenue forecasts will be performed utilizing accepted analytical techniques including three year trending, forecast based on per capita intergovernmental revenues, sales tax revenues extracted from the prior complete year, minus known one time lump sums for large construction projects.
- All fees for services shall be reviewed and adjusted (where necessary) at least every three years to ensure that rates are equitable and cover the total cost of service, or that percentage of total service cost deemed appropriate by the City.
- Revenues of a limited or indefinite term will be used for capital projects or one-time operating expenditures to ensure that no ongoing service program is lost when such revenues are reduced or discontinued.
- Grant applications to fund new service programs with state or federal funds will be reviewed by the City, as they become available, with due consideration being given to whether locally generated revenues will be required to support these programs when outside funding is no longer available.
- Should the city choose to use a bank loan to finance a project or a purchase, funds from said loan will be adequately segregated in the account system to ensure that balances are not co-mingled with the general fund or any other project fund.
- The City of North Bend will establish and maintain Special Revenue Funds which will be used to account for proceeds from specific revenue sources to finance designated activities which are required by statute, ordinance, resolution or executive order.
- Annual expenditures will be maintained within the limitations of annual revenues or any previous year resources available outside of reserves adopted for the fund. The City will not use short-term borrowing to finance current operating needs without full financial analysis and prior approval of the City Council.
- In order to ensure the continuity of services, the City will budget no more sales tax revenue than was received in the prior complete year as a hedge against possible future economic events.
- Interest income revenue may be used to finance one-time capital or time-limited goods or services including debt service on councilmanic bond issues.
- All authorized positions will be budgeted for a full year unless specifically designated by the City Council as a partial-year position.



Financial Policies - continued

Accounting, Financial Reporting, and Auditing Policies

The City of North Bend will establish and maintain a high standard of accounting practices. Accounting and budgetary systems will, at all times, conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (B.A.R.S.) and local regulations.

- A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.
- The City will meet the financial reporting standards set by the Governmental Accounting Standards Board.
- Full disclosure will be provided in all City financial reports and bond representations.
- An annual audit will be performed by the State Auditor's Office and include the issuance of a financial opinion.
- A quarterly report will be prepared within 45 days of the close of each calendar quarter. This report will include a budget variance report, fund balances, and discussion of performance, and will subsequently be available on the city's web site.



Financial Policies - continued

Reserve and Fund Balance Policies

Adequate fund balance and reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement for bond rating of the City's financial strength.

Maintenance of fund balance for each relevant accounting fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages.

City and State regulations have been established to allow the City of North Bend to create and maintain specific reserve funds. Prudent use of reserve funds enables the City to defray future costs, take advantage of matching funds, and beneficial (but limited) opportunities.

Reserve funds provide the City with the ability to exercise flexible financial planning in developing future capital projects. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition.

- The City will establish minimum fund balance targets for each fund based on the cash flow requirements of the fund. The City will include all fund balances in the annual budget.
- The minimum fund balance will be attained and maintained through expenditure management, revenue management and/or contributions from the General Fund.
- All expenditures drawn from reserve accounts shall require prior Council approval unless previously authorized by the City Council for expenditure in the annual budget.
- A Contingency Reserve Fund will be maintained in accordance with RCW 35A.33.145 to meet specific emergency expenditures as described in RCW 35A.33.080 and 35A. 33.090.
- The City shall maintain a General Fund Operating Reserve to serve as a "Rainy Day Fund" to address temporary revenue shortfalls in an amount equivalent to 10% of the General Fund Operating Budget. Annual contributions will be budgeted from General Fund resources as available to attain and maintain an established reserve level.
- Additional reserve accounts may be created by Council to account for monies for future known expenditures, special projects, or other specific purposes.
- All reserves will be presented in the annual budget.



Financial Policies - continued

Enterprise Fund Policies

The City will establish enterprise funds for City services when 1) the intent of the City is that all costs of providing the service should be financed primarily through user charges; and/or 2) the City Council determines that it is appropriate to conduct a periodic review of net income for capital maintenance, accountability, or other public policy purposes.

- Enterprise funds will be established for City-operated utility services.
- Enterprise fund expenditures will be established at a level sufficient to properly maintain the fund's infrastructure and provide for necessary capital development.
- Each enterprise fund will maintain an adequate rate structure to cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves (as established by fiscal policy or bond covenant), and any other cost deemed necessary.
- Rates may be offset from available fund cash after requirements are met for cash flow and scheduled reserve contributions.
- Enterprise fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
- Revenue bonds shall be issued only when projected operating revenues are insufficient for the enterprise's capital financing needs.
- The City will insure that net operating revenues of the enterprise constitute a minimum of 1.5 times the annual debt service requirements.
- The City will limit the maturities of all utility revenue bond issues to 25 years or less.



Financial Policies - continued

Debt Management Policies

The amount of debt issued by the City is an important factor in measuring its financial performance and condition. Proper use and management of borrowing can yield significant advantages. From a policy perspective, the City of North Bend uses debt in two ways: (1) as a mechanism to equalize the costs of needed improvements to both present and future citizens; and (2) as a mechanism to reduce the costs of substantial public improvements.

- City Council approval is required prior to the issuance of debt.
- An analytical review shall be conducted prior to the issuance of debt.
- The City will use the services of a legally certified and credible bond counsel in the preparation of all bond representations.
- The City of North Bend will not use long-term debt to support current operations.
- Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received.
- The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life.
- Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.
- The City will use refunding bonds where appropriate, when restructuring its current outstanding debt.
- Reserves, interest costs, operating costs, and/or maintenance expenses will be capitalized only for enterprise activities; capitalized operating expenses will be strictly limited to those expenses incurred prior to actual operation of the facilities.
- The City will maintain a good credit rating at all times.
- Assessment bonds will be issued in place of general obligation bonds, where possible, to assure the greatest degree of public equity.
- Under most circumstances, the maturity of all assessment bonds shall not exceed 12 years.
- General Obligation bonds will be issued with maturities of 20 years or less.
- The voter approved general obligation debt of North Bend will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City.
- The following individual percentages shall not be exceeded in any specific debt category:



Financial Policies - continued

- General Debt – 2.5% of assessed valuation
- Utility Debt – 2.5% of assessed valuation
- Open Space and Park Facilities – 2.5% of assessed valuation
- Limited-tax general obligation bonds will not exceed one and 1.5% of the City's current assessed property valuation.
- Limited-tax general obligation bonds will be issued only if:
 - A project requires funding not available from alternative sources;
 - Matching fund monies are available which may be lost if not applied for in a timely manner; or
 - Emergency conditions exist.



Financial Policies - continued

Capital Improvement Policies

North Bend's city government is accountable for a considerable investment in buildings, parks, roads, sewers, equipment and other capital investments. The preservation, maintenance, and future improvement of these facilities are a primary responsibility of the City. Planning and implementing sound capital improvement policies and programs today will help the City avoid emergencies and major costs in the future, therefore:

- The City will establish and implement a comprehensive multi-year Capital Improvement Program.
- The Capital Improvement Program will be prepared and updated biennially.
- The City Council will designate annual ongoing funding levels for each of the major project categories within the Capital Improvement Program.
- Financial analysis of funding sources will be conducted for all proposed capital improvement projects.
- An annual Capital Improvement Budget will be developed and adopted by the City Council as part of the annual budget.

The Capital Improvement Program will be consistent with the Capital Facilities Element of the Comprehensive Plan.



Glossary

Audit - An examination of the financial activities of an agency and the report based on such examination.

B & O - Business and Occupation Tax.

Balanced Budget - A budget in which estimated revenues equal estimated expenditures.

Bond - An interest bearing certificate issued by a government or business, redeemable on a specific date; used as a measure of raising funds for capital improvements.

Budget - A comprehensive financial plan to sustain municipal operations during a given year with related explanation.

Capital Improvement Program (CIP) - A plan for future capital expenditures which identifies each capital project, its anticipated start and completion, and allocates existing funds and known revenue sources over a six year period.

Capital Improvements - Projects to create, expand, or modify a capital facility. The project may include design, permitting, environmental analysis, land acquisition, construction, landscaping, site improvements, initial furnishings, and equipment.

Capital Outlay - Expenditures made to acquire fixed assets or additions to them usually made from the general fund or utility fund where the assets are to be used.

Community Development Block Grant (CDBG) - A federal funding program that provides annual funding for eligible local governments including housing and community development programs targeted primarily to low-income persons and neighborhoods.

D.A.R.E. - Drug Abuse Resistance Education.

Debt Limits - The maximum amount of debt that a governmental unit may incur under constitutional, statutory, or charter requirements.

Debt Management - Borrowing enables a jurisdiction to free itself from the constraints of current revenues, raise large sums of money, and obligate future citizens to repay the debt. To insure that the power to borrow is used prudently, it is carefully regulated and managed by a set of policies and procedures known as debt management.

Debt Service - Payments to creditors, primarily the holders of municipal bonds. Debt service includes principal, interest, and minor incidentals such as paying agents' fees.

D.O.E. – Department of Ecology

D.O.T. - Department of Transportation.

Effluent - The liquid that flows out of a facility or household into a water body or sewer system. For example, the treated liquid discharged by a wastewater treatment plant is the plant's effluent.

E.I.S. - Environmental Impact Statement.

E.M.S. - Emergency Medical Services.

Enterprise Funds - Used to finance and account for acquisition, operation and maintenance of water and sewer facilities that are supported by user charges; also waste disposal, other utilities.

Expenditures - The spending of money by the municipality for the programs and projects included within the approved budget.



Glossary - continued

F.E.M.A. - Federal Emergency Management Agency.

Fund Balance - The excess of fund assets over liabilities and reserves, also referred to as surplus.

Fund - A set of interrelated accounts to record revenues and expenditures for a specific purpose.

G.A.A.P. - Generally Accepted Accounting Principles.

G.O. - See General Obligation Debt.

General Fund - The general fund accounts for all financial activities not reported in some other type of fund; primarily used to account for the current operations of a jurisdiction's general-purpose departments.

General Obligation Debt - Local governments can raise revenues by selling tax-exempt municipal bonds and incurring debt. General obligation debt carries an unconditional promise by the local government to levy the taxes necessary to make the interest and principal payments required to retire the debt. In Washington State, general obligation debt can either be voted or non-voted (Councilmember) debt. Non-voted debt is limited to 1.5% of the assessed valuation, and total general obligation debt is limited to 2.5% of assessed valuation.

Interfund Transfer - Payment from one fund to another fund primarily for work or services provided.

Non-operating Expenditures - The costs of government services, which are not directly attributable to a specific municipal program or operation. Examples include debt service obligations and contributions to human service organizations.

Non-operating Revenues - The incomes received by the government, which are not directly attributable to providing a service. An example would be interest on investments.

Operating Expenses - Proprietary fund expenses that directly relate to the fund's service activities.

Operating Revenues - Proprietary fund revenues that directly relate to the fund's service activities.

Ordinance - An enforceable municipal law, statute or regulation, that applies to all citizens within that municipality; penalty provisions may apply.

Property Tax - A tax levied on the assessed value of real property.

R.C.W - Revised Code of Washington.

Revenue Bonds - Bonds sold for which the principal and interest are payable exclusively from the earnings of a specific revenue source and which do not pledge the property credit or general tax revenue of a city.

Revenues - Moneys received or anticipated by a local government from either tax or non-tax sources.

Tax Exempt Property - Property, which because of its ownership or use, is not subject to property tax-ation and meets state requirements for tax-exempt status.

Tax - An amount levied upon individuals or property to fund government goods and services.

T.I.B. - Transportation Improvement Board.

U.F.I.C.S. - Utilities Facilities Implementation Concurrency Strategy. Phase 1 of North Bend UFICS study is a build-out analysis report based on current zoning and compared to growth targets adopted in the comprehensive plan.



Investment Policy

City of North Bend Investment Policy

Adopted by Resolution 1499 on February 1, 2011

1.0 PURPOSE

It is the policy of the City of North Bend to invest its funds in a manner which will provide the highest investment return consistent with a high degree of security while meeting the daily cash flow demands of the City and conforming to all state statutes and local ordinances governing the investment of public funds. Cash may, at the discretion of the Finance Director, be invested separately by fund or be commingled into a common investment portfolio and earnings from such portfolio distributed monthly.

2.0 OBJECTIVE

The primary objectives, in order of priority, for the City of North Bend's investment activities are as follows:

- **Legality:** The City's investments will be in compliance with all statutes governing the investment of public funds in the State of Washington.
- **Liquidity:** The City's investments will remain sufficiently liquid to enable the city to meet all operating requirements which might be reasonably anticipated.
- **Safety:** Investments of the City will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from other investments.
- **Yield:** The City's investments will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment constraints and cash flow characteristics.

All participants in the City's investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

3.0 SCOPE

This investment policy applies to the investment of available financial assets of the City, except for assets held in escrow in order to defease refunded debt, and retirement funds managed by others. The City's financial assets are accounted for in the City's Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Trust and Agency Funds



Investment Policy - continued

4.0 PRUDENCE

The Finance Director and authorized employees will perform their duties in a manner consistent with the standard of a “prudent person” as defined by RCW 43.250.040:

“In investing and reinvesting moneys... and in acquiring, retaining, managing and disposing of investments, there shall be exercised the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of the funds, considering the probable income as well as the probable safety of the capital.

5.0 DELEGATION OF AUTHORITY

The Finance Director is the Government Finance Official for purposes of RCW 42.250.020(5) for the City of North Bend. The Finance Director shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedure established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Subject to required procurement procedures, the City may engage the support services of outside professionals in regard to its financial program, so long as it can be determined or anticipated that these services produce a net financial advantage or necessary financial protection of the City’s resources. External service providers shall be subject to the Revised Codes of Washington and the provisions of this Investment Policy.

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Mayor any material financial interests in financial institutions that conduct business within this jurisdiction and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City’s portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS

The City will only make deposits with qualified public depositories that have been approved by the State of Washington as provided in Chapter 39.58 RCW.

At the end of each fiscal year, the Finance Director, acting in the capacity as the treasurer of the City, shall designate one or more financial institutions which are qualified public depositories for the moneys required to be kept by the treasurer.



Investment Policy - continued

8.0 BROKER/DEALERS

The City will maintain a list of approved security broker/dealers.

The process for approval of a broker/dealer will require the review of appropriate documents to evaluate both the brokerage firm and the individual broker. Firm information will include financial information, State of Washington registration under RCW 21.20.040, Securities and Exchange Commission Rule 15C3-1 compliance, and authorization under the Uniform Net Capital Rules.

The City prefers to use broker/dealers that have experience with municipal investing; exceptions to this preference may be made in the reasonable judgment of the Finance Director.

All review documentation will be maintained in file. On an annual basis broker/dealers must provide updated documentation for review and reauthorization.

If an investment advisor is authorized to transact buys and sells on behalf of the City, the advisor's approved dealer list will be provided to the City annually and maintained in file. Buys and sells may be transacted with any dealer on the advisor's approved list.

9.0 INVESTMENT ADVISORS

Should the Finance Director feel it is in the best interest of the City to engage an investment adviser for assistance in managing the investment portfolio, selection of the investment adviser will follow a clear and defined process.

The selection process will incorporate a Request for Proposal to gather information for the decision-making process. Information that might be part of the RFP include but is not limited to: State of Washington registration under RCW 21.20.040, SEC licenses, quantitative information for financial review, organizational information about the firm, reporting standards, process, and experience.

The City will only enter into a non-discretionary agreement, wherein the adviser must obtain approval before executing any trade.

The Finance Director and the Finance Committee will utilize the Best Practice document issued by GFOA to inform appropriate risk controls, selection criteria, on-going review, and advisory agreement components.

10.0 AUTHORIZED INVESTMENTS

The City of North Bend is empowered to invest in certain types of securities as detailed in state law, including RCW 35A.40.050 and RCW 43.84.080. Among the authorized investments are:

- U.S. Treasury Obligations (Bills, Notes, Bonds)
- Obligations of U.S. government agencies, corporations wholly owned by the U.S. government or any Government Sponsored Enterprise (GSE's) with the exception of mortgage backed securities (MBS), which are prohibited. The list includes: Federal Instrumentality Securities which include the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), Federal Farm Credit Bureau (FFCB), Government National Mortgage Association (GNMA), Federal Agricultural Mortgage Corporation (FAMC) and Tennessee Valley Authority (TVA). Other issuers may qualify if they meet the above criteria.



Investment Policy - continued

- Nonnegotiable certificates of deposit and other collateralized evidence of deposits with qualified public depositories.
- Bankers' Acceptances purchased on the secondary market.
- Mutual funds and money market funds are inappropriate investments except as authorized in Chapter 39.50 RCW and are intended to provide a safe harbor from the Internal Revenue Services (IRS) arbitrage rules and tax. The money market and mutual funds options in RCW 39.59.030 are allowable investments only for monies subject to the IRS's arbitrage rules. No other monies, unless specifically authorized elsewhere, may be invested in a money market or mutual fund.
- State of Washington Local Government Investment Pool.
- Bonds of the State of Washington and any local government in the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- Any investments authorized by law for the Treasurer of the State of Washington or any local government of the State of Washington other than a metropolitan municipal corporation but except as provided in RCW 39.58, such investments shall not include certificates of deposits of bank branches not located in the State of Washington.

11.0 COLLATERALIZATION

Collateralization is required on repurchase agreements to anticipate market changes and provide a level of security for all funds. For purposes of this policy document, the collateralization level will be 102% of market value of principal and accrued interest.

- The City chooses to limit collateral to the obligations of the United States Government and its agencies.
- Collateral will always be held by an independent third party with whom the entity has a current custodial agreement (except certificates of deposits). A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.
- Certificates of deposit are delivered to and held by the Finance Director until they mature.

12.0 SAFEKEEPING AND CUSTODY

To protect against potential fraud, embezzlement, or loss caused by collapse of individual securities dealers, securities purchased by the City shall be held in a segregated account for the City's benefit at a third party trustee authorized to act as safekeeping agent. The approved investment advisor, broker/dealer or bank from which a security is purchased shall issue a confirmation ticket to the City listing the specific instrument, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information.

The investment advisor, broker/dealer or bank which executes the transaction on the City's behalf shall deliver all securities on a deliver versus payment (DVP) method to the designated third party trustee at the direction of the investment officer.

Investment officials shall be bonded to protect the City against loss due to possible embezzlement and malfeasance.

Certificates of Deposit issued by banks do not need to be held by a safekeeping agent. Original certificate documents may be held in the City's safe deposit box.



Investment Policy - continued

13.0 INVESTMENT ALLOCATION

Diversification: The City will diversify its investments by security type and institution in a manner that reduces overall portfolio risks while attaining market average rates of return. The City's policy is to assure that no single institution or security is invested to such an extent that a delay of liquidation at maturity is likely to cause a current cash flow emergency. With the exception of U.S. Treasury securities and authorized pools, no more than 30% of total investments will be invested in a single security type or with a single financial institution. The following chart specifies the allowable percentage ranges for each security type. Investments may be made up to, but may not exceed, the allowable range.

Security	Range	Target
US Treasury bills & bonds	1 – 100%	10%
US Government Agencies	0 – 25%	20%
Cash and LGIP	0 – 100%	50%
Certificates of Deposit	0 – 50%	20%
Banker's Acceptances	0 – 10%	
State and local Government Securities	0 – 15%	

14.0 MAXIMUM MATURITIES

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, or estimated to cash flow needs, the City will not directly invest in securities maturing more than five (5) years from the date of settlement.

The maximum weighted average maturity (WAM) of the total portfolio, less the amount invested in the LGIP, shall not exceed 2 years. This maximum is established to limit the portfolio to excessive market exposure.

Reserve or Capital Improvement Project monies may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practical with the expected use of the funds.

15.0 COMPETITIVE TRANSACTIONS

The Finance Director will obtain telephone, faxed or emailed quotes before purchasing or selling an investment. The Investment Officer will select the quote which best satisfies the investment objectives of the investment portfolio within the parameters of this policy. The Finance Director will maintain a written record of each bidding process including the name and prices offered by each participating financial institution.

If the City hires an investment advisor to provide investment management services, the advisor must provide documentation of competitive pricing execution on each transaction, retain the documentation, and provide the documentation upon request.



Investment Policy - continued

16.0 INTERNAL CONTROLS

The City will maintain processes of internal controls to protect against the loss of public funds arising from negligence, theft or misuse. These controls will include, but not be limited to:

- The use of third party custody and safekeeping;
- The execution of all securities transactions on a delivery-versus-payment basis;
- The clear delegation of investment authority;
- The separation of transaction authority from record keeping;
- The use of objective criteria in selecting financial institutions and dealers authorized to provide investment services to the state;
- The use of objective criteria in awarding investment purchases and sales to authorized financial institutions and dealers.

On an annual basis, the State Auditor's Office, will evaluate conformance with the Investment Policy and audit internal controls. The purpose of these examinations shall be to audit the accountability of the City's Investment Portfolio and to verify that Investment Officials have acted in accordance with the investment policies and procedures. Should the Investment Procedures be in conflict with the Investment Policy, the Investment Policy is the final authority.

17.0 PERFORMANCE STANDARDS

The City's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs.

- Investment Strategy: The City's Investment strategy is passive. Securities are purchased and sold as it best meets the needs of the City as determined by the Finance Director. The Finance Director will be authorized to trade before maturity if it is in the best interest of the City to do so.
- Market Yield Benchmark for Long term Portfolio: Given this strategy, the basis used by the City to determine whether market yields are being achieved shall be the Average US Treasury Note rate which corresponds with the average life of the investments in the portfolio.
- Market Yield Benchmark for Short term Portfolio: The weighted average yield of liquid portfolio, defined as securities with original maturity of less than 30 days, will be compared quarterly to the LGIP average yield.

18.0 REPORTING

The Finance Director, or designee, shall provide the Finance Committee consistent periodic reporting. These reports shall provide an accurate and meaningful representation of the investment portfolio, its performance versus the established benchmark, and proof of compliance with the investment policy. Quarterly reports will include:

- A listing of individual securities held at the end of the reporting period.
- Average life and final maturity of all investments listed.
- Coupon, discount or earning rate.
- Par value, amortized book value and market value.
- Percentage of the portfolio in each investment category.



Investment Policy - continued

- Performance Standard Reporting
- A list of transactions for the period.

19.0 INVESTMENT POLICY ADOPTION

The City's policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually. The Finance Committee will review the policy with the Finance Director and recommend to Council any appropriate changes.



Investment Policy - continued

GLOSSARY

ACCRUED INTEREST: Interest accumulated on an investment since its dated date or the most recent date to which interest has been paid.

AMORTIZATION: The reduction of principal (of debt) at regular intervals.

ASKED: The price at which securities are offered.

BANKERS ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT: A measurement of prices or yields for fixed income securities. One basis point equals 1/100 of 1 percent.

BID: The price at which a buyer is willing to buy a security.

BOND: A long-term debt security, (IOU) issued by a government, a government agency, or a corporation. Generally a bond pays a stated rate of interest, and returns the face value at maturity.

BOND ANTICIPATION NOTE: Short-term interest bearing notes issued in anticipation of bonds to be issued at a later date. The notes are retired from the proceeds of the bond issue to which they are related.

BOOK-ENTRY TRANSFER: A method of transferring securities through computerized entries, which may eliminate the need for physical certificates.

BOOK VALUE: The amount at which an asset is carried on the books of the owner. The book value of an asset does not necessarily have a significant relationship to market value.

BROKER: A licensed individual or firm that brings buyers and sellers together for a commission.

CALL OPTION: The right to prepay or redeem a security at a predetermined price on or after a specified future date that is earlier than its scheduled maturity date.

CASH FLOW BUDGET: A projection of cash receipts and disbursements anticipated during a given time period. Typically, this projection covers a year and is broken down into separate projections for each month, week and/or day during the year.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity earning a specified rate of return evidenced by a certificate.

COLLATERAL: Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: Corporate promissory notes issued to provide short-term financing, sold at a discount and redeemed at face value with maturities up to 270 days.

CONFIRMATION: A document used to state and supplement in writing the terms of a transaction, which have previously been agreed to verbally.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.



Investment Policy - continued

CURRENT FACE: Also known as the outstanding balance. The current monthly remaining principal of an instrument is computed by multiplying the original face of the instrument by the current principal balance factor.

CUSIP NUMBER (Committee on Uniform Securities Identification Procedures): An identifying number assigned to a publicly traded security. A nine-digit code is permanently assigned to each issue and is generally printed on the face of the security if it is in physical form.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: The delivery of securities with an exchange of money for the securities.

DELIVERY VERSUS RECEIPT: (Also called Free): The delivery of securities with an exchange of a signed receipt for the securities.

DEPOSITORY: An entity which accepts securities for deposit. A depository facilitates delivery and transfer between dealers by making account entries reflecting ownership instead of physically moving securities.

DISCOUNT: Refers to either "original issue discount" or "market discount". Original issue discount is the difference between the cost price of a security when first offered for sale to the general public and its face value at maturity when quoted at a lower than face value. Original issue discount is treated as interest. Market discount is the difference between principal amount of an outstanding security (reduced by any original issue discount) and the value of that security in the then current market (if lower than its principal amount). A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., US Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: The number of years required to receive the present value of future payments, both of interest and principal, of a bond. Often used as an indicator of a bond's price volatility resulting from changes in interest rates.

FACE VALUE: The par value of a security. Face value is not an indication of market value.

FACTOR: The proportion of the outstanding principal balance of a security to its original principal balance expressed as a decimal. The *Bond Buyer* publishes the Monthly Factor Report that contains a list of factors for GNMA, FNMA, and FHLMN securities.

FARM CREDIT DISCOUNT NOTES AND BONDS: Secured joint obligations of Farm Credit Banks that are issued with a minimum face value of \$50,000 with maturities ranging from 5 to 360 days.

FEDERAL CREDIT AGENCIES: Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.



Investment Policy - continued

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits.

FEDERAL FUNDS RATE: The rate of interest at which funds are traded between banks. This rate is pegged by the Federal Reserve through open market operations.

FEDERAL HOME LOAN BANKS (FHLB): The Federal Home Loan Bank consists of twelve Federal Home Loan Banks that issue long-term bonds and coupon notes with maturities of up to one year. FHLB branches lend to banks and Savings and Loans for purposes of home mortgage products.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, a government sponsored agency, is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

FLAT: A security trades flat when it is traded with no accrued interest.

FORWARD TRADE: A transaction where the settlement will occur on a specified date in the future at a price agreed upon on the trade date.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE): A wholly-owned government corporation within the Department of Housing and Urban Development (HUD), whose mission is to expand affordable housing in the U.S. by channeling global capital into the nation's housing finance markets. The Ginnie Mae guarantee allows mortgage lenders to obtain a better price for their loans in the capital markets. Lenders then can use the proceeds to make new mortgage loans available to consumers. This helps to lower financing costs and create opportunities for sustainable, affordable housing for families seeking home ownership.

GNMA Is: Pass-through mortgage-backed securities issued by GNMA where registered holders receive separate principal and interest payments on each of their certificates. Investors may expect to receive principal and interest payments on the 15th day of each month.

GNMA IIs: Pass-through Mortgage-backed securities issued by GNMA where registered holders receive an aggregate principal and interest payment from a central paying agent on all of their GNMA II certificates. Principal and interest payments are disbursed on the 20th day of each month. GNMA II securities are collateralized by multiple-issuer pools or custom pools (one issuer but different interest rates that may vary within one percentage point). Multiple-issuer pools are known as Jumbos. Jumbo pools are generally larger and often contain mortgages that are more geographically diverse than single-issuer pools. Jumbo pool mortgages have interest rates that may vary within one percentage.

INTEREST: Compensation paid or to be paid for the use of money. Interest is generally expressed as an annual percentage rate and/or an annual percentage yield



Investment Policy - continued

INTEREST RATE: The face coupon rate of a security.

ISSUER: An entity, which issues and is obligated to pay amounts due on securities.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY DATE: The date on which the principle or stated value of an investment becomes due and payable to the registered owner of the security.

MONEY MARKET: The market in which the short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MORTGAGE: A legal instrument that creates a lien upon real estate, securing the payment of a specified debt, such as a mortgage note.

MORTGAGE-BACKED: An entity that originates mortgage loans, sells them to other investors and services the loans.

MORTGAGE-BACKED BOND: A mortgage-backed bond is a general obligation of the issuer, secured by mortgage collateral, where the issuer retains ownership of the mortgages. The bond is secured by the market value of the underlying mortgages. Since the value of the mortgages will decrease over time as a result of principal amortization and prepayments, the market value of the collateral must exceed the value of the bonds issued. Unlike pass-through securities, the cash flow in a mortgage-backed bond is not directly related to the cash flow of the underlying mortgage collateral. Interest on the bond is paid semiannually at a predetermined rate and principal is paid at maturity.

MORTGAGE-BACKED SECURITIES: The term mortgage-backed securities is a generic term that refers to securities backed by mortgages, including pass-through securities, mortgage-backed bonds, mortgage pay-through securities and CMOs.

ODD LOT: A quantity of securities, which is less than the accepted unit of trading.

OFFER: The price at which a seller will sell a security.

ORIGINAL FACE: The face value (original principal amount) of a security as of its issue date.

PAR: The face amount of a security.

PAYMENT DATE: Also known as the payable date. The date that actual principal and interest payments are made to the registered holder of a security. For GNMA Is, the payment date is the 15th day of the second month following the record date. For GNMA IIs, the payment date is the 20th day of the month following the record date. For FHLMC PCs, the payment date is the 15th day of the second month following the record date. For FNMA MBSs, the payment date is the 25th day of the month following the record date.

P&I (PRINCIPAL AND INTEREST): In the case of mortgage-backed securities and other asset-backed securities, P&I includes regularly scheduled payments as well as prepayments, if any.



Investment Policy - continued

POOL: A collection of mortgages assembled by an originator or master servicer as the basis for a security. Pools are identified by a number.

PORTFOLIO: A collection of securities held by an investor.

PREPAYMENT: The unscheduled partial or complete payment of the principal amount outstanding on a debt obligation before it is due.

PRICE: The dollar amount to be paid for a security expressed as a percentage of its current face value.

PRINCIPAL: The stated face amount of an instrument, exclusive of accrued interest.

PRUDENT PERSON RULE: “Prudent Person” as defined by RCW 43.250.040: “In investing and reinvesting moneys ...and in acquiring, retaining, managing and disposing of investments there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the managements of their own affairs, not in regard to speculation but in regard to the permanent disposition of the funds, considering the probable income as well as the probable safety of the capital.”

PUT OPTION: The right to sell a security at a predetermined price on or before a specified future date.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the Public Deposit Protection Commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

RATING: Designations used by investors services to give relative indications of credit quality.

RECORD DATE: The date for determining who is entitled to payment of principal and interest (and prepayment) on a security. The record date for most mortgage-backed securities is the last calendar day of the month (however, the last day on which they can be presented for transfer is the last business day of the month). The record date for CMOs and ABSs varies with each issue.

REGISTERED HOLDER: The name in which a security is registered as stated on the certificate itself or on the books of the paying agent. All principal and interest payments are made to the registered holder regardless of beneficial ownership or the record date.

REPURCHASE AGREEMENT (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security buyer in effect lends the seller money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified later date.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.



Life is the art of drawing without an eraser.
John Gardner



Investment Policy - continued

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SEC RULE 15C3-1: A SEC rule that sets minimum net capital requirements for broker-dealers. Firms are expected to have liquid assets equal to or greater than a certain percentage of total liabilities. If the ratio falls below this minimum, the broker-dealer may face restriction on soliciting new business or on keeping existing business. See UNIFORM NET CAPITAL RULE.

SECURITIES AND EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SERVICING: The duties of the servicer for which a fee is received. Servicing consists of collecting and pooling principal, interest and escrow payments as well as certain operational procedures covering accounting, bookkeeping, insurance, tax records, loan payment follow-up, delinquency loan follow-up, and loan analysis.

SERVICING FEE: The amount withheld from the monthly interest payments made by a mortgagor and retained by the mortgage servicer.

SETTLEMENT DATE: The date agreed upon by the parties to a transaction for the payment of funds and the delivery of securities.

TREASURY BILLS: A non-interest bearing discount security issued by the US Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BOND: Long-term US Treasury securities having initial maturities of one to ten years.

TREASURY NOTES: Intermediate term coupons bearing US Treasury securities having initial maturities of from one to ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net commitments to purchase securities. Liquid capital includes cash and assets easily converted into cash.

WEIGHTED AVERAGE MATURITY (WAM): The weighted average number of months to the final payment of each security, weighted by the size of the principal investment balance. Also known as weighted average remaining maturity (WARM) and weighted average remaining term (WART).

YIELD: The rate of annual income on an investment expressed as a percentage. Income Yield is obtained by dividing the current dollar income by the current market price for the security. Net Yield or Yield to Maturity is the current Income Yield minus any premium above or plus any discount in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



Document Format

The budget document is developed in this manner to study and review the direction of the City of North Bend. Because a diverse audience reads the budget document, the budget must describe clearly and completely the nature and scope of policies, plans, and programs for the year. It must communicate this information at different levels and for different purposes. One of the most important functions of the budget document is to describe future implications and relationships of policies, plans, and programs to members of the public. The budget document is an opportunity for the public to acquire background information necessary to provide meaningful comment and feedback to members of the City Council and City staff during the year.



Photo by Matt N. Johnson

A man travels the world in search of what he needs, and returns home to find it.
George Moore



2011 Budget

Technical Editorial Team

Staff Leads on Budget Document:

Beth Waltz – Staff Accountant (Author and Technical Development)
Maryann Nelson - Finance Director (Editor)

In Collaboration with:

Duncan Wilson – City Administrator
Cheryl Proffitt-Schmidt - City Clerk
Stan Lewis – Assistant Finance Director
Marc Ramsey – GIS Coordinator

Special thanks to the Mary Miller, Linda Miller, Sandy Horvath,
Tami Asars, Michael McDevitt and Matt N. Johnson for the
photographs used throughout the document.

For more information about the City of North Bend, please visit City Hall
(211 Main Avenue North), our website (<http://ci.north-bend.wa.us/>) or call
425.888.1211